

NEW ISSUE – Book-Entry-Only**Ratings: (See "Ratings" herein)**

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance with certain covenants and procedures relating to requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds and the Notes is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax and is not taken into account in the calculation of adjusted current earnings for purposes of the federal alternative minimum tax imposed on corporations. In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds and the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. (See "Tax Matters" herein.)



CITY OF HARTFORD, CONNECTICUT
\$14,000,000
GENERAL OBLIGATION BONDS, SERIES 2010A

DAC Bond®**Dated: Date of Delivery****Due: October 1, as shown on inside cover page**

Interest on the City of Hartford, Connecticut (the "City") General Obligation Bonds Series 2010A (the "Bonds") will be payable October 1, 2011 and semiannually thereafter on April 1 and October 1 of each year. The Bonds are issuable only as fully registered bonds, without coupons, and when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bondowner, as nominee for DTC, reference herein to the Bondowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. See "Book-Entry-Only System" herein.

The Bonds will be general obligations of the City, and the City will pledge its full faith and credit to pay the principal of and interest on the Bonds when due. See "Security and Remedies" herein. The Bonds are subject to redemption prior to maturity. See "Redemption Provisions" herein.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by **ASSURED GUARANTY MUNICIPAL CORP.** (FORMERLY KNOWN AS FINANCIAL SECURITY ASSURANCE INC.)



SEE INSIDE FRONT COVER FOR MATURITY SCHEDULE, INTEREST RATES AND PRICES OR YIELDS

\$40,000,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES, SERIES 2010

Dated: Date of Delivery**Due: April 14, 2011****Coupon: 2.500%****Yield: 0.480%****CUSIP: 416414 7D6**

The Bond Anticipation Notes (the "Notes") will be issued in book-entry-only form and will bear interest at such rates or rates per annum as shown above. The Notes will be registered in the name of Cede & Co., as Noteowner and nominee for DTC, New York, New York.

The Notes will be general obligations of the City, and the City will pledge its full faith and credit to pay the principal of and interest on the Notes when due. See "Security and Remedies" herein.

The Bonds and the Notes are offered for delivery when, as and if issued, and received by the Underwriters, subject to the final approving opinion of Robinson & Cole LLP, Bond Counsel, of Hartford, Connecticut. Certain matters will be passed upon for the Underwriters by Pullman & Comley, LLC of Hartford, Connecticut. It is expected that delivery of the Bonds and the Notes in definitive form will be made on or about April 15, 2010 through the facilities of DTC.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

William Blair & Company
Siebert Brandford Shank & Co., LLC

Dated as of March 31, 2010



CITY OF HARTFORD, CONNECTICUT

\$14,000,000

GENERAL OBLIGATION BONDS, SERIES 2010A

Dated: Date of Delivery

Due: October 1, as shown below

<u>Due</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number</u>
10/01/2011	\$740,000	4.000%	0.900%	416414 6K1
10/01/2012	740,000	3.000	1.390	416414 6L9
10/01/2013	740,000	3.000	1.700	416414 6M7
10/01/2014	740,000	3.750	2.040	416414 6N5
10/01/2015	690,000	2.000	2.370	416414 6P0
10/01/2015	50,000	3.000	2.370	416414 7C8
10/01/2016	740,000	2.500	2.800	416414 6Q8
10/01/2017	740,000	3.000	3.100	416414 6R6
10/01/2018	735,000	4.000	3.320	416414 6S4
10/01/2019	735,000	3.250	3.500	416414 6T2
10/01/2020	735,000	4.000	3.650	416414 6U9
10/01/2021	735,000	3.700	3.800	416414 6V7
10/01/2022	735,000	3.800	3.900	416414 6W5
10/01/2023	735,000	3.875	3.980	416414 6X3
10/01/2024	735,000	3.900	4.030	416414 6Y1
10/01/2025	735,000	4.000	4.110	416414 6Z8
10/01/2026	735,000	4.100	4.190	416414 7A2

TERM BOND

\$2,205,000 4.300% Term Bond due October 1, 2029 - Yield: 4.400% CUSIP: 416414 7B0

*CUSIP data herein is provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed are being provided solely for the convenience of the bondholders at the time of issuance of the Bonds and Notes and the City makes no representation with respect to such numbers or undertakes any responsibility for their accuracy now or at any time in the future.

Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.) ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "Bond Insurance" and "Appendix D - Specimen Municipal Bond Insurance Policy".

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CITY OF HARTFORD, CONNECTICUT
\$14,000,000 General Obligation Bonds, Series 2010A
\$40,000,000 General Obligation Bond Anticipation Notes, Series 2010

INTRODUCTION

This Official Statement, including the cover page, inside cover page and appendices, is provided for the purpose of presenting certain financial information and economic and demographic data relevant to the City of Hartford, Connecticut (the "City") in connection with the issuance and sale of its \$14,000,000 General Obligation Bonds, Series 2010A (the "Bonds"), and \$40,000,000 General Obligation Bond Anticipation Notes, Series 2010 (the "Notes").

The Official Statement is not to be construed as a contract or agreement between the City and the purchasers or holders of any of the Bonds or the Notes. This Official Statement does not constitute an offer to sell the Bonds or the Notes in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, salesperson, or any other person has been authorized to give any information or make any representation, other than those contained herein, in connection with the offering of the Bonds or the Notes, and, if given or made, such information or representation must not be relied upon. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue to be repeated in the future. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. All quotations and summaries and explanations of statutes, charters or other laws and acts and proceedings of the City contained herein do not purport to be complete, and are qualified in their entirety by reference to the original and all reference to the Bonds and the Notes and the proceedings of the City relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and the Notes and such proceedings, and reference is made to said laws for full and complete statements of their provisions.

The information set forth herein has been obtained by the City, from sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date of the Official Statement.

U.S. Bank National Association, Hartford, Connecticut, will act as Certifying Agent, Registrar, Transfer Agent and Paying Agent for the Bonds and the Notes.

The independent auditors for the City are not passing upon and do not assume responsibility for the accuracy or completeness of the financial information presented in this Official Statement (other than matters expressly set forth in Appendix A - "Auditors' Section"), and they make no representation that they have independently verified the same. The auditors have not been asked for nor have they given their consent to include the financial statements in this Official Statement.

Bond Counsel is not passing upon and does not assume responsibility for the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth as its opinion), and it makes no representation that it has independently verified the same.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in the Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Underwriters' Counsel is not passing upon and does not assume responsibility for the accuracy or adequacy and completeness of the statements made in this Official Statement, and it makes no representation that it has independently verified the same.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AND THE NOTES AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

SECTION I - SECURITIES OFFERED

Description of the Bonds

The Bonds will be dated the date of delivery and will bear interest at the rate or rates per annum shown on the inside cover of the Official Statement, payable on October 1, 2011 and semiannually thereafter on April 1 and October 1 in each year until maturity. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Interest is payable to the registered owner of the Bonds as of the close of business on the fifteenth day of March and September in each year or the preceding business day if such fifteenth day is not a business day, by check mailed to the registered owner; or so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, the Paying Agent, and the City shall agree. The Bonds will mature on October 1 in each of the years 2011-2029, both inclusive. The Bonds will be certified by U.S. Bank National Association, Hartford, Connecticut, which will also act as the Registrar, Transfer Agent, and Paying Agent.

Authorization and Purpose

Authorization: The Bonds and Notes are being issued pursuant to Title 7 of the General Statutes of Connecticut, as amended (the "Connecticut General Statutes"), the Charter of the City, and certain capital budget bond ordinances and bond ordinances adopted by the Common Council of the City during the fiscal year. As of March 15, 2010, the City had \$231,709,614 of authorized and unissued debt for various public improvement and school projects. The City expects to finance the authorized and unissued amount with a combination of grants and general obligation bonds of the City.

Purpose: \$12,550,000 of the Bonds will be used to fund various public improvement projects, and \$1,450,000 of the Bonds will fund the City's portion of various school projects. \$30,000,000 of the Notes will be used to fund various public improvement projects, and \$10,000,000 of the Notes will be used to fund the City's portion of various school projects. See "State School Construction Grants" herein.

A portion of the Bond proceeds will be used to permanently finance approximately \$4,000,000 of the total \$15,000,000 of bond anticipation notes of the City maturing on April 15, 2010, which were issued to fund various school building and public improvement projects within the City, and the balance of the Bond and Note proceeds will be a new money borrowing to fund various school building and public improvement projects of the City.

State School Construction Grants

Pursuant to Section 10-287i of the Connecticut General Statutes, the State of Connecticut will provide proportional progress payments for eligible construction expenses on school construction projects approved after July 1, 1996. State grants will be paid directly to the municipality after it submits its request for progress payments, and accordingly, the municipality will issue its bonds only for the net share of project costs. The City's overall reimbursement rate is approximately 90% of eligible costs. The State generally retains a certain percentage of the grant payments pending final audit upon close-out of a project. Some of the school construction projects being financed with this issue will receive reimbursement under this method.

As of March 15, 2010, the City has appropriated \$824,780,000 for various school construction projects and has authorized bonds in the amount of \$379,113,000 for its local share. The City has issued school bonds in the amount of \$118,690,000 and has received grants for authorized projects totaling \$401,510,155, leaving a balance of \$260,423,500 authorized but unissued school bonds and approximately \$44,156,845 of school grants expected to be paid in the future.

Redemption Provisions

The Bonds will be subject to optional redemption prior to maturity.

Optional Redemption

The Bonds maturing on October 1, 2021 and thereafter will be subject to redemption prior to maturity, at the option of the City, on or after October 1, 2020, either in whole or in part at any time in such amounts and in

such order of maturity (but by lot within a maturity) as the City may determine, at the following redemption prices, expressed as a percentage of principal amount, plus accrued interest to the date set for redemption.

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
October 1, 2020	100 %

Notice of redemption shall be given by the City or its agent by mailing a copy of redemption notice by first-class mail at least thirty days prior to the date fixed for redemption to the registered owner as the same shall last appear on the registration books for the Bonds. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon giving such notice, if sufficient available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified date.

If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of the Bonds of such maturity to be redeemed shall be selected by lot in such manner as the City in its discretion may determine; provided however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or integral multiples thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000.

The City, so long as book-entry system is used for the Bonds being called for redemption, will send any notice of redemption only to DTC (or a successor securities depository) or its nominee. Any failure of DTC to advise any DTC Participant (as defined below), or of any DTC Participant or Indirect Participant (as defined below) to notify any Indirect Participant or Beneficial Owner (as defined below), of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption. Redemption of portions of the Bonds of any maturity by the city will reduce the outstanding principal amounts of such maturity held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interests held by DTC Participants in the Bonds to be redeemed, the interest to be reduced by such redemption in accordance with its own rules or other agreements with DTC Participants. The DTC Participants and Indirect Participants may allocate reductions of the interests in the Bonds to be redeemed held by the Beneficial Owners. Any such allocations of reductions of interest in the Bonds to be redeemed will not be governed by the determination of the City authorizing the issuance of the Bonds and will not be conducted by the City, the Registrar or the Paying Agent.

Mandatory Sinking Fund Redemption

The Bonds maturing on October 1, 2029 are subject to mandatory sinking fund redemption prior to maturity beginning in October 1, 2027, at the price of par plus accrued interest to the date fixed for redemption from mandatory sinking fund installments which are required to be made in amounts sufficient to redeem on October 1 of each year the principal amount of such bonds below.

Year	Sinking Fund Installment
2027	735,000
2028	735,000
2029*	735,000

**Final maturity*

Redemption Procedure

Notice of mandatory sinking fund redemption shall be given by the City or its agent by mailing a copy of the redemption notice by first class mail at least thirty days prior to the date fixed for sinking fund redemption to the registered owner of any Bonds designated for sinking fund redemption in whole or in part, at the address of such registered owner as the same shall last appear on the registration books for the Bonds. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if sufficient funds available solely for sinking fund redemption are on deposit with U.S. Bank National Association, Hartford, Connecticut, or with its successors, as paying agent for the Bonds, the Bonds or portions thereof so called for sinking fund redemption will cease to bear interest after the specified sinking fund redemption date.

Sources and Uses of Proceeds

Proceeds of the Bonds and the Notes will be applied as follows:

<u>Sources:</u>	Bonds	Notes
Proceeds of the Bonds	\$14,000,000.00	--
Proceeds of the Notes	--	\$40,000,000.00
Original Issue Premium/Discount	<u>84,422.75</u>	<u>801,600.00</u>
Total Sources	\$14,084,422.75	\$40,801,600.00
<u>Uses:</u>		
Deposit to General Fund with further credit to capital accounts	\$13,777,695.19	\$40,598,600.00
Costs of Issuance ¹	<u>306,727.56</u>	<u>203,000.00</u>
Total Uses	\$14,084,422.75	\$40,801,600.00

1. Includes underwriter's discount and insurance premium on the Bonds.

Description of the Notes

The Notes will be issued as fully registered notes, will be dated the date of delivery and will be due and payable as to both principal and interest at maturity on April 14, 2011. The Notes will bear interest at the rates or rates per annum set forth on the cover page hereof, and interest will be calculated on the basis of twelve 30-day months and a 360-day year. A book-entry system will be employed evidencing ownership of the Notes in principal amounts of \$1,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC, and its participants pursuant to the rules and procedures established by DTC and its participants. The Notes are not subject to redemption prior to maturity. Principal and interest on the Notes will be payable at the principal office of U.S. Bank National Association, Hartford, Connecticut.

Security and Remedies

The Bonds and the Notes will be general obligations of the City, and the City will pledge its full faith and credit to pay the principal of and interest on the Bonds and the Notes when due.

Unless paid from other sources, the Bonds and the Notes are payable from general property tax revenues. The City has the power under Connecticut General Statutes to levy ad valorem taxes on all taxable property in the City without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. Under existing statutes, the State of Connecticut is obligated to pay the City a portion of the amount of tax revenue which the City would have received except for the limitation on its power to tax such dwelling houses.

Payment of the Bonds and the Notes is not limited to property tax revenues or any other revenue source, but certain other revenues of the City may be restricted as to use and therefore may not be available to pay debt service on the Bonds and the Notes.

There are no statutory provisions for priorities in the payment of general obligations of the City. There are no statutory provisions for a lien on any portion of the tax levy or other revenues to secure the Bonds and the Notes or judgments thereon, in priority to other claims.

The City is subject to suit on its general obligation bonds and notes, and a court of competent jurisdiction has power in appropriate proceedings to render a judgment against the City. Courts of competent jurisdiction also have the power in appropriate proceedings to order payment of a judgment on such bonds and notes from funds lawfully available therefore or, in the absence thereof, to order the City to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts may take into account all relevant factors, including the current operating needs of the City and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal of or interest on the Bonds and the Notes would also be subject to the applicable provisions of federal bankruptcy laws as well as other bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion. Under the federal bankruptcy code, the City may seek relief only, among other requirements, if it is specifically authorized, in its capacity as a municipality or by name, to be a debtor under Chapter 9, Title 11 of the United States Code, or by state law or by a governmental officer or organization empowered by state law to authorize such entity to become a debtor under such Chapter. Section 7-566 of the Connecticut General Statutes, as amended, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and to any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations.

The City has never defaulted on the payment of principal or interest on its bonds or notes.

Qualification for Financial Institutions

The Bonds and the Notes shall **NOT** be designated by the City as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds and the Notes.

Book-Entry-Only System

Unless otherwise noted, the description which follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Bonds and the Notes, payment of interest and other payments on the Bonds and the Notes to DTC participants or beneficial owners of the Bonds and the Notes, confirmation and transfer of beneficial ownership interest in the Bonds and the Notes and other bond-related transactions by and between DTC, the DTC participants and beneficial owners of the Bonds and the Notes is based solely on information provided on the DTC's website and presumed to be reliable. Accordingly, neither the City nor the Underwriters make any representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds and the Notes (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such maturity, and one fully-registered Note certificate will be issued for each interest rate of the Notes, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other Securities transactions in deposited Securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its

Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmation providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in the beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments with respect to the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, nor its nominee, the paying agent, or the City subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as Securities depository with respect to the Securities at any time by giving reasonable notice to the City or its Agent. Under such circumstances, in the event that a successor securities depository is not obtained Security certificates of the Securities are required to be printed and delivered.

The City may decide to discontinue use of the system of the book-entry-only transfers through DTC (or a successor securities depository). In that event, Securities certificates will be printed and delivered to DTC.

NEITHER THE CITY, THE PAYING AGENT, NOR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS OR THE NOTES; (3) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS OR NOTEHOLDERS; AND (4) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER OR NOTEHOLDER.

DTC Practices

The City can make no assurances that DTC, DTC Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds or Notes will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its Participants which are on file with the Securities and Exchange Commission.

Tax Matters

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements which must be met at and subsequent to delivery of the Bonds and the Notes in order that interest on the Bonds and the Notes remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause interest on the Bonds and the Notes to be included in gross income retroactive to the date of issuance of the Bonds and the Notes. The Tax Regulatory Agreement, which will be executed and delivered by the City concurrently with the Bonds and the Notes, contains representations, covenants and procedures relating to the use, expenditure and investment of proceeds of the Bonds and the Notes in order to comply with such requirements of the Code. Pursuant to the Tax Regulatory Agreement, the City also covenants and agrees that it shall perform all things necessary or appropriate under any valid provision of law to ensure interest on the Bonds and the Notes shall be excluded from gross income for federal income tax purposes under the Code.

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance by the City with its covenants and the procedures contained in the Tax Regulatory Agreement, interest on the Bonds and the Notes is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax and is not taken into account in the calculation of adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on corporations.

Ownership of the Bonds and the Notes may also result in certain collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security and Railroad Retirement benefits, taxpayers utilizing the earned income credit and taxpayers who have or are deemed to have incurred indebtedness to purchase or carry tax exempt obligations, such as the Bonds and the Notes. Prospective purchasers of the Bonds and the Notes, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of ownership and disposition of, or receipt of interest on, the Bonds and the Notes.

In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds and the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. The opinion of Bond Counsel is rendered as of its date and is based on existing law, which is subject to change. Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to their attention, or to reflect any changes in law that may thereafter occur or become effective.

Prospective purchasers of the Bonds and the Notes are advised to consult their own tax advisors regarding other State and local tax consequences of ownership and disposition of and receipt of interest on the Bonds and the Notes.

Original Issue Discount

The initial public offering prices of the Bonds and the Notes may be less than the stated redemption price payable on such Bonds and Notes. The excess of the stated redemption price over the initial public offering price at which a substantial amount of the Bonds or the Notes are sold constitutes original issue discount. The Bonds do not pay interest until a date which is more than one year after the issuance date. All or a portion of the October 1, 2011 interest payment on the Bonds is not “qualified stated interest” for federal income tax purposes. To the extent that the stated interest payable on the Bonds exceeds qualified stated interest, the excess is included in the computation of the stated redemption price. The prices set forth on the cover page and the inside cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds and the Notes were ultimately sold to the public.

Under Section 1288 of the Code, the amount of original issue discount treated as having accrued with respect to any Bond or Note during each day it is owned by a taxpayer is added to the owner’s adjusted basis for purposes of determining gain or loss upon the sale or other disposition of such Bonds or Notes by such owner. Accrued original issue discount on the Bonds and the Notes is excluded from gross income for federal income tax purposes. Original issue discount on any bond or note is treated as accruing on the basis of economic accrual for such purposes, computed by a constant semiannual compounding method using the yield to maturity on such bond. The original issue discount attributable to any bond for any particular semiannual period is equal to the excess of the product of (i) one-half of the yield to maturity of such bond, and (ii) the amount which would be the adjusted basis of the bond at the beginning of such semiannual period if held by the original owner and purchased by such owner at the initial public offering price, over the interest paid during such period. The amount so treated as accruing during each semiannual period is apportioned in equal amounts among the days in that period to determine the amount of original issue discount accruing for such purposes during each such day. Prospective purchasers of the Bonds and the Notes at a discount, whether at the issuance date or subsequent thereto, are advised to consult their own tax advisors regarding federal, state and local tax consequences of ownership and disposition of, and receipt of interest on, such Bonds and the Notes.

Original Issue Premium

The initial public offering prices of the Bonds and the Notes may be greater than the principal amount payable on such Bonds and Notes. The excess of the initial public offering price at which a substantial amount of the Bonds or the Notes are sold over the principal amount payable at maturity or on earlier call date constitutes original issue premium. The Bonds do not pay interest until a date which is more than one year after the issuance date. All or a portion of the October 1, 2011 interest payment on the Bonds is not “qualified stated interest” for federal income tax purposes. To the extent that the stated interest payable on the Bonds exceeds qualified stated interest, the excess is included in the computation of the principal amount payable on the Bonds. The prices set forth on the cover page and the inside cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds and the Notes were ultimately sold to the public.

Under Sections 1016 and 171 of the Code, the amount of original issue premium treated as amortizing with respect to any Bond or Note during each day it is owned by a taxpayer is subtracted from the owner’s adjusted basis for purposes of determining gain or loss upon the sale or other disposition of such Bonds or Notes by such owner. Amortized original issue premium on the Bonds and the Notes is not treated as a deduction from gross income for federal income tax purposes. Original issue premium on any bond is treated as amortizing on the basis of the taxpayer’s yield to maturity using the taxpayer’s cost basis and a constant semiannual compounding method. Prospective purchasers of the Bonds and the Notes at a premium, whether at the issuance date or subsequent thereto, are advised to consult their own tax advisors regarding the federal, state and local tax consequences of ownership and disposition of, and receipt of interest on, such Bonds and the Notes.

Ratings

Standard & Poor's Rating Service ("Standard & Poor's") has assigned a rating of "AAA" (negative outlook) on the Bonds, with the understanding that upon delivery of the Bonds, a municipal bond insurance policy insuring the payment when due of the principal of and interest on the Bonds will be issued by Assured Guaranty Municipal Corp. Standard & Poor's has also assigned an underlying rating of "A" to the Bonds, affirmed its "A" rating on the City's currently outstanding general obligation bonds and assigned a rating of "SP-1+" to the Notes.

There is no assurance that the ratings will continue for any given period of time or that the ratings will not be lowered or withdrawn entirely by the rating agency if in their judgment circumstances so warrant.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.) ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

ASSURED GUARANTY MUNICIPAL CORP. (FORMERLY KNOWN AS FINANCIAL SECURITY ASSURANCE INC.)

AGM is a New York domiciled financial guaranty insurance company and a wholly owned subsidiary of Assured Guaranty Municipal Holdings Inc.. ("Holdings"). Holdings is an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. No shareholder of AGL, Holdings or AGM is liable for the obligations of AGM.

On July 1, 2009, AGL acquired the financial guaranty operations of Holdings from Dexia SA ("Dexia"). In connection with such acquisition, Holdings' financial products operations were separated from its financial guaranty operations and retained by Dexia. For more information regarding the acquisition by AGL of the financial guaranty operations of Holdings, see Item 1.01 of the Current Report on Form 8-K filed by AGL with the Securities and Exchange Commission (the "SEC") on July 8, 2009.

Effective November 9, 2009, Financial Security Assurance Inc. changed its name to Assured Guaranty Municipal Corp.

AGM's financial strength is rated "AAA" (negative outlook) by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") and "Aa3" (negative outlook) by Moody's Investors Service, Inc. ("Moody's"). On February 24, 2010, Fitch, Inc. ("Fitch"), at the request of AGL, withdrew its "AA" (Negative Outlook) insurer financial strength rating of AGM at the then current rating level. Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of any security guaranteed by AGM. AGM does not guarantee the market price of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Recent Developments

Ratings

In a press release dated February 24, 2010, Fitch announced that, at the request of AGL, it had withdrawn the “AA” (Negative Outlook) insurer financial strength rating of AGM at the then current rating level. Reference is made to the press release, a copy of which is available at www.fitchratings.com, for the complete text of Fitch’s comments.

On December 18, 2009, Moody’s issued a press release stating that it had affirmed the “Aa3” insurance financial strength rating of AGM, with a negative outlook. Reference is made to the press release, a copy of which is available at www.moodys.com, for the complete text of Moody’s comments.

On July 1, 2009, S&P published a Research Update in which it affirmed its “AAA” counterparty credit and financial strength ratings on Financial Security Assurance Inc., now known as AGM. At the same time, S&P continued its negative outlook on AGM. Reference is made to the Research Update, a copy of which is available at www.standardandpoors.com, for the complete text of S&P’s comments.

There can be no assurance as to any further ratings action that Moody’s or S&P may take with respect to AGM.

For more information regarding AGM’s financial strength ratings and the risks relating thereto, see AGL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2009, which was filed by AGL with the SEC on March 1, 2010. Effective July 31, 2009, Holdings is no longer subject to the reporting requirements of the Securities and Exchange Act of 1934, as amended (the “Exchange Act”).

Capitalization of AGM

At December 31, 2009, AGM’s consolidated policyholders’ surplus and contingency reserves were approximately \$2,232,359,793 and its total net unearned premium reserve was approximately \$2,391,940,484 in accordance with statutory accounting principles.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the SEC that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) The Annual Report on Form 10-K for the fiscal year ended December 31, 2009 (which was filed by AGL with the SEC on March 1, 2010).

All information relating to AGM included in, or as exhibits to, documents filed by AGL pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC’s website at <http://www.sec.gov>, at AGL’s website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.): 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 826-0100).

Any information regarding AGM included herein under the caption “BOND INSURANCE – Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.)” or included in a document incorporated by reference herein (collectively, the “AGM Information”) shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE".

Underwriting

The Bonds and Notes are being purchased by the Underwriters listed on the cover page of this Official Statement (the "Underwriters"). The Underwriters have agreed to purchase the Bonds at the net aggregate purchase price of \$13,966,422.75 (representing the par amount of the Bonds less an underwriter's discount of \$118,000, plus a net original issue premium of \$84,422.75).

The Underwriters have agreed to purchase the Notes at a purchase price of \$40,633,600.00 (representing the par amount of the Notes, less an underwriter's discount of \$168,000.00, plus a net original issue premium of \$801,600.00).

The Contract of Purchase between the Underwriters and the City (the "Purchase Contract") provides that the Underwriters will purchase all of the Bonds and the Notes, if any are purchased. The obligation of the Underwriters to accept delivery of the Bonds and the Notes is subject to various conditions contained in the Purchase Contract.

The Underwriters intend to offer the Bonds and the Notes to the public initially at the offering prices or yields set forth on the cover page and the inside cover page of this Official Statement, which may subsequently change without any requirement of prior notice.

SECTION II - THE CITY

The Municipality

The City of Hartford was founded by Thomas Hooker and his followers in 1635 and incorporated in 1784. It is the capital of the State of Connecticut and the core of a metropolitan area of over one million people. According to the corrected 2000 Census, Hartford's population as of April 1, 2000 was 124,121, a decrease of 11.2% since 1990. The City consists of an 18.4-square-mile area and lies on the west bank of the Connecticut River, midway between New York City and Boston. Interstate Routes 91 and 84 intersect in Hartford. Amtrak provides rail passenger service and the City is served by Bradley International Airport in Windsor Locks just to the north.

As the commercial center for the region, Hartford is home to many industries and the hub for distribution companies that take advantage of interstate access, and insurance and financial services corporations. The insurance industry, in particular, is a major service specialty, and it spans a range of products, including life insurance, medical insurance, fire/marine/casualty insurance, and pension investments and asset management services, most of which continue to be concentrated in Hartford. Aetna, The Hartford, Phoenix and Travelers are long standing employers that now stand alongside new names in the Hartford market, such as United Health Group, Prudential Financial and Lincoln National (please see Section III for more on this sector).

In 2009, Hartford became home to a fourth Fortune 500 headquarters operation, a significant achievement for a city of its size. Northeast Utilities will join Aetna, The Hartford and UTC. In addition, Lincoln National, Prudential Financial and Travelers, all Fortune 100 companies, have major operations in the City which employ thousands.

Today, in addition to the foregoing, Hartford is defined in terms of arts, entertainment, education, and culture. According to the Central Regional Tourism District, Hartford has a higher concentration of arts and entertainment spots than any other location in Connecticut. Also according to the Central Regional Tourism District, over a five-year period tourism has increased annually in the Greater Hartford area, with tourists staying longer and spending more money. Most tourists generally give the Hartford area high scores for providing quality experiences related to cultural heritage and the arts.

Hartford is home to leading arts and heritage institutions, including the Wadsworth Atheneum Museum of Art, the nation's first art museum. In 2003, the Bushnell Center for the Performing Arts completed a second performance concert hall with 950 seats and the Mark Twain House & Museum opened a new \$16.5 million 35,000-square-foot visitor center. The Hartford Stage Company continues to be a major cultural attraction for the entire region, and has developed a national reputation for ground-breaking theater and is beginning a \$4.0 million renovation in June. Recent development activities include the renovated TheaterWorks building in downtown, a factory building that has been transformed into Real Art Ways' arts and entertainment complex and the nationally acclaimed Artists Collective's \$7 million building. The Harriet Beecher Stowe House has undergone a major renovation, and the Asylum Hill Boys and Girls Club opened its new \$5.4 million youth center in Asylum Hill in 2004. In September of 2008, the University of Hartford opened the \$21 million Handel Performing Arts Center. The facility, located in the City's Upper Albany Neighborhood, consists of classroom, rehearsal and performance space in a renovated commercial building. Additionally, in the summer of 2009, The Connecticut Science Center was opened in downtown Hartford on the shores of Connecticut River.

Hartford continues to serve as a regional center or is home to a large network of educational institutions. Colleges and universities in the City include The Hartford Graduate Center, affiliated with Rensselaer Polytechnic Institute, Trinity College, The University of Hartford, the University of Connecticut School of Law, the University of Connecticut School of Business, and the Capital Community College, which opened its new \$55 million campus in the newly renovated former G. Fox Building on Main Street in September 2002. The Learning Corridor located on a 16-acre campus opened its doors for the 2000-01 school year. The Learning Corridor has become a model of joint public/private effort to revitalize a neighborhood formerly

characterized by crumbling housing, joblessness and crime. It is an example of voluntary integrated education from kindergarten through high school.

The City's library system is regarded as one of the finest of its kind in the nation and has received many national awards and accolades. The Hartford Public Library has taken a leadership role in promoting and supporting literacy and learning and by providing free and open access to information and ideas. The library recently completed a major renovation of its main facility in Hartford.

The New England Association of Schools and Colleges has accredited all 32 public schools in the Hartford Public School system. The district has raised test scores on the Connecticut Mastery Test for the past several years. The American Federation of Teachers has recognized "the Hartford Model" as a model for improving low-performing schools across the nation. The City is also well underway with a major overhaul of its educational facilities to provide the most modern and up-to-date technological and teaching environment.

Hartford has continued to make progress in addressing the needs of its aging housing stock and increasing homeownership as a means toward stabilizing neighborhoods. The City's Homeownership Appraisal Gap Program provides financing to developers to construct or rehabilitate houses and return them to the City in an effort to increase homeownership with some 400 units completed and sold. The City also has been successful in stimulating homeownership through its House Hartford Down Payment Assistance Program, which provides financing for approximately 45 potential homeowners each year. In addition, the City administers a home improvement and rehabilitation program for existing houses and apartment buildings. Hartford has also seen the metamorphosis of several of its low-income public housing complexes into lower density detached single-family homes and duplexes. According to the City Assessor, this has had a very positive impact on surrounding property values. Additional low-income public housing complexes are currently in the process of being converted into single-family dwellings.

In addition, numerous luxury and high-end housing projects have been completed over the past decade. See Section III, "Economic and Demographic Data - Current Economic Information - Housing Initiatives," for more information on high-end housing development projects in the City.

Government Organization

The Mayor serves as the City's Chief Executive Officer. The Common Council consists of nine members elected at-large and serves as the City's legislative body. The City Treasurer is elected independently and, in addition to her other duties, serves ex officio as Secretary of the Pension Commission. The City Treasurer has responsibility for the care, custody and investment of all pension funds and all other City funds. All elected officials hold their respective offices for a term of four years. In the event a Mayor is unable to serve for the complete term, the Common Council President shall serve as Mayor until the next regularly scheduled general municipal election. In the event a City Treasurer is unable to serve for the complete term, the Common Council shall fill such vacancy by appointment until the next regularly scheduled general municipal election. The Common Council appoints a City Clerk to serve an indefinite term.

Pursuant to the Charter, the Mayor has designated a Chief Operating Officer to carry out responsibilities with regard to the supervision and direction of the departments and agencies of the City and a Director of Finance who is skilled in municipal accounting, budgeting and financial control. An Independent Audit Commission serves as a further fiscal safeguard. Members of the Independent Audit Commission are appointed by the City Treasurer, the Common Council and the ten largest taxpayers of the City. The Mayor appoints the Corporation Counsel and the heads of all departments, members of most boards (including certain members of the Board of Education), commissions (except the Independent Audit Commission), agencies, authorities and other bodies of the City created by General Statutes or by Ordinance. The Common Council confirms the appointment of the Police Chief, Fire Chief, Director of Finance, Director of Development Services and Corporation Counsel.

Financial Powers

Under the Charter, the Mayor prepares and submits an annual budget to the Common Council. The Charter prescribes strict schedules and procedures for budget adoption, requirements for public hearing, balanced budget, pension fund contributions and debt service appropriations. The Common Council may, by ordinance, establish a criterion that the Mayor must use for estimating cash receipts from sources other than the tax levy. No appropriation for debt service and appropriations necessary to fulfill the pension obligations of the City, as determined by the Pension Commission, shall be reduced. The Common Council shall not increase the Mayor's estimates of receipts. The Common Council adopts the budget, the appropriation ordinance and the tax levy ordinance. The Mayor may at any time transfer any unencumbered appropriation balance or portion thereof from one classification of expenditure to another within the same department, office or agency, except that no funds may be transferred from the funds appropriated to the Board of Education. Appropriations in addition to those contained in the budget shall be made only on the recommendation of the Mayor and only if the Director of Finance certifies that there is available general fund surplus sufficient to meet such appropriation.

Governmental Responsibilities and Services

The City provides a broad range of services including public safety, public roads, solid waste collection, health, social services, culture and recreation, education, planning, development, zoning, and general administrative services:

Water and Sewer: The City is a member of The Metropolitan District (the "District"). The District's primary purpose is to provide complete, adequate, and modern water supply systems and sewage collection and disposal facilities for its member municipalities. See Section IV, "Debt Section – Overlapping Debt."

Transportation: The Greater Hartford Transit District (the "Transit District"), a regional supervisory and regulatory body in transit-related matters, provides funding for transit systems under state and federal statutes and has bonding power but no taxing powers. The Transit District manages the reconstructed Union Station as a comprehensive transportation center with commercial and retail space in downtown Hartford.

Housing: The Hartford Housing Authority manages a broad public housing program comprising state and federally subsidized programs for more than 4,000 families. Two thousand families participate in Authority programs, and approximately 4,700 families participate in Section 8. This includes approximately 250 units built to homeownership standards; the majority of the units have been sold to Hartford residents who were former residents of public housing or families that are income eligible under Housing and Urban Development ("HUD") rules and regulations. In addition, the Hartford Housing Authority received a \$20 million HUD Hope VI grant to rebuild the Dutch Point Housing Project, a multi-unit public housing project located near Adriaen's Landing. See Section III, "Status of 'Six Pillars' of Economic Development."

Solid Waste Disposal: The City has a long-term Service Contract with the Connecticut Resources Recovery Authority (the "Authority") for the disposal of solid waste and recycled goods through the Authority's Mid-Connecticut System (the "System"), which is located in the City. Each member municipality disposing of solid waste through the System, including the City, has agreed to cause to be delivered to the System all of the solid waste under its legal control. The Authority is required to accept and dispose of solid waste delivered except that each member municipality retains the responsibility for the collection, disposal, and treatment of certain unacceptable solid waste.

The Authority calculates and imposes tipping fees for all solid waste accepted at the System. The aggregate of all such tipping fees shall be sufficient to pay for the net cost of operation of the System. Tipping fees shall be at a uniform rate per ton for all member municipalities. If a member municipality delivers less than its minimum commitment set forth in its Service Contract, such rate shall nonetheless be applied to its minimum commitment amounts. The City is obligated to deliver to the System a minimum of 55,000 tons per year of solid waste. The tipping fee for Fiscal Year 2009-10 is \$72 per ton. The tipping fee is subject to change annually based on the net cost of operating the facility. The City also receives landfill rent, payments in lieu

of taxes, personal property tax payments for leased property, and tonnage payments based on amounts of bulky waste and total tonnage delivered by all landfill users. The budgeted payments for Fiscal Year 2009-10 of \$4.2 million will partially offset the tipping fee cost to the City of \$4.0 million.

All member municipalities participating in the System, including the City, pledge their full faith and credit for the payment of all tipping fees. The obligation to pay such tipping fee is absolute and unconditional so long as the Authority shall accept and dispose of solid waste delivered by such municipality.

Municipal Work Force and Employee Relations

Full-time Equivalent Positions

	Budget	Actual	Actual	Actual	Actual
	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
General Government*	1,475	1,482	1,644	1,551	1,400
Board of Education	<u>3,022</u>	2,759	<u>2,927</u>	<u>2,771</u>	<u>2,500</u>
Total	4,497	4,241	4,571	4,322	3,900

*Includes police, firefighters and emergency services.

Collective Bargaining Status

<u>Union</u>	<u>Number of Members</u>	<u>Current Contract Expiration Date</u>	<u>Status of Contracts</u>
<i>Board of Education</i>			
Hartford Federation of Teachers, Local 1018	1,807	June 30, 2011	In effect
Hartford Federation of School Health Professionals, Local 1018 A/B	60	June 30, 2012	In effect
AFSCME, Local 566	281	June 30, 2007	In effect ¹
Buildings & Grounds, AFSCME, Local 818	7	June 30, 2011	In effect
Hartford Federation of Special Police Officers, Local 1018-D	86	June 30, 2012	In effect
Hartford Educational Support Personnel Local 82	136	June 30, 2010	In effect
The Hartford Federation of Paraprofessionals, Local 2221	434	June 30, 2012	In effect
The Hartford Federation of School Secretaries, Local 1018-C	131	June 30, 2008	In effect ¹
The Hartford Principals and Supervisors Association, Local 22	100	June 30, 2011	In effect
The Hartford Federation of Substitute Teachers	176	June 30, 2008	In negotiations
The Hartford Schools Support Supervisors Association, Local 78	40	June 30, 2011	In effect
The Children's Development Associates Local 1018-F	47	June 30, 2008	In effect ¹
<i>General Government</i>			
Hartford Police Union	435	June 30, 2010	In effect
Firefighters, Local 760, IAFF	331	June 30, 2016	In effect
Hartford Municipal Employees Association (non-uniformed supervisory)	224	June 30, 2013	In effect
City of Hartford Professional Employees Association (non-supervisory)	56	June 30, 2012	In effect
Labor and Clerical, Local 1716, AFSCME	621	June 30, 2011	In effect
School Crossing Guards Association	91	June 30, 2011	In effect

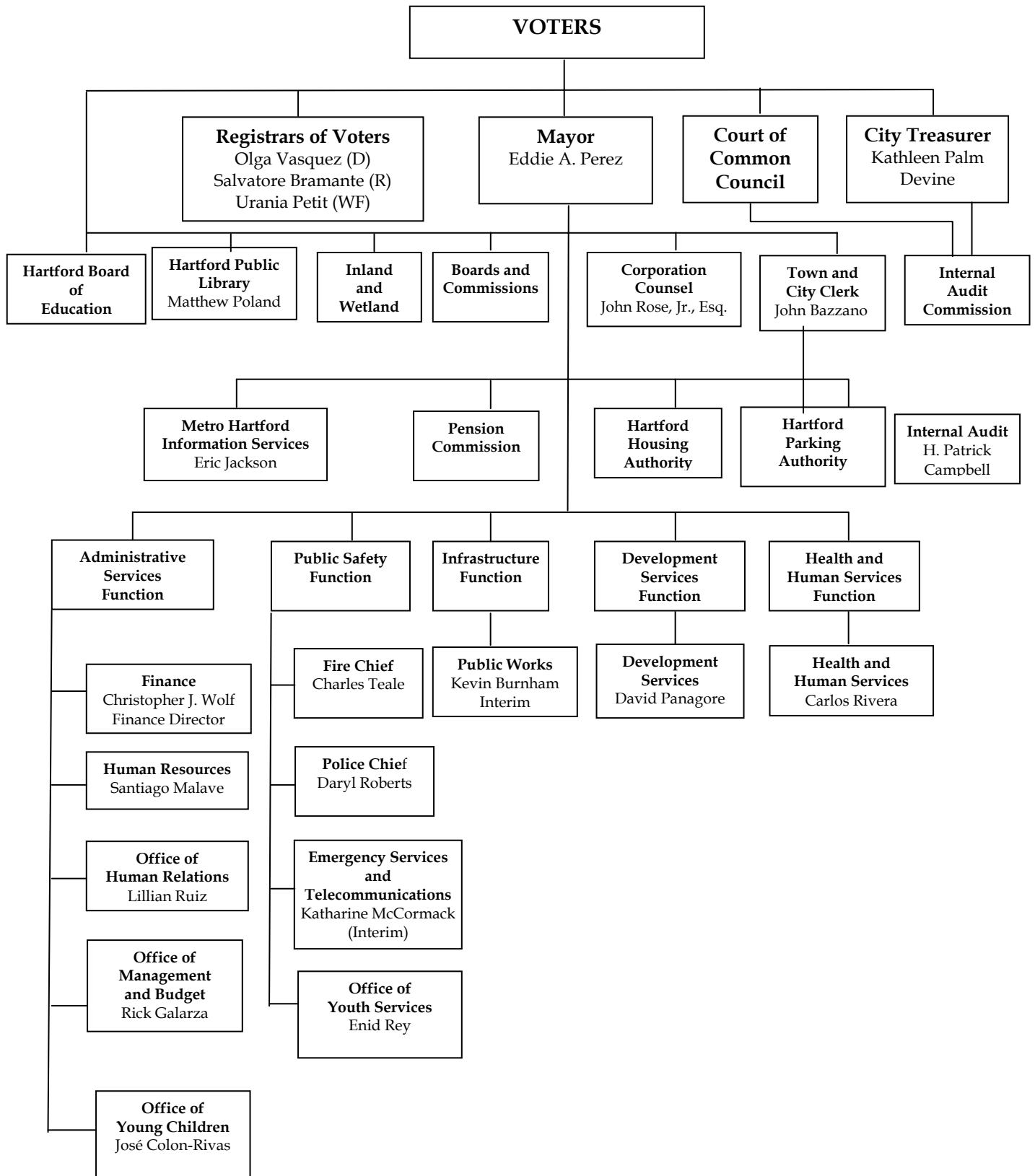
1. being negotiated.

These contracts are holdover contracts and are not currently

Connecticut General Statutes Sections 7-473c, 7-474 and 10-153a to 10-153n provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of a municipal entity may reject an arbitration panel's decision by a two-thirds majority vote. The State and the employee organization must be advised in writing of the reasons for rejection. The State then appoints a panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either party. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. For binding arbitration of teachers' contracts, in assessing the financial capability of a municipal entity, there is an irrefutable presumption that a budget reserve of 5% or less is not available for payment of the cost of any item subject to arbitration. In the light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and the wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

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City Of Hartford - Organizational Chart



Principal Municipal Officials

<u>Office</u>	<u>Name</u>	<u>Manner of Selection</u>	<u>Date Service Began</u>
Mayor	Eddie A. Perez	Elected	12/04/01
City Treasurer	Kathleen Palm Devine	Elected	01/05/99 ¹
Court of Common Council:			
Council President	Pedro Segarra	Elected	05/22/06
Majority Leader	Rozina Joyce Winch	Elected	01/01/04
Assistant Majority Leader	James M. Boucher	Elected	12/04/01
Minority Leader	Luis E. Cotto	Elected	01/04/08
Councilman	Veronica Airey-Wilson	Elected	12/08/93
Councilman	Matthew Ritter	Elected	01/04/08
Councilman	Larry Deutsch	Elected	01/04/08
Councilman	Kenneth H. Kennedy, Jr.	Elected	12/04/01
Councilman	Calixto Torres	Elected	01/01/01
Chief Operating Officer	David Panagore	Appointed	07/2009
Corporation Counsel	John Rose, Jr., Esq.	Appointed	03/2004
Director of Finance	Christopher J. Wolf	Appointed	01/2009
City Assessor	Lawrence LaBarbera	Civil Service	06/2003
Tax Collector	Marc Nelson	Civil Service	08/2008
Director of Development Services ..	David Panagore	Appointed	10/2008
Chairman, Pension Commission.....	Peter N. Stevens	Appointed	06/2005
Chairman, Parking Authority	Patricia LeShane	Appointed	12/2008
Acting Executive Director,			
Parking Authority	Carey Redd	Appointed	06/2009
Superintendent of Schools	Steven Adamowski	Appointed	11/2006

1. Has fifteen years' total experience with the City, including Assistant City Treasurer from 1995-1999.

Educational System

There are 32 public schools in the City consisting of 26 elementary schools, three middle schools and three high schools. The three high schools now house distinct, separate academies: Bulkeley - Upper and Lower Schools; Hartford High - Freshman Academy, Nursing Academy, Law & Government Academy and Academy of Engineering and Green Technology; Weaver - Freshman Academy, Grades 10-12 Academy and Culinary Arts Academy.

There are ten magnet schools in the City: Four elementary - Breakthrough Magnet, Montessori Magnet at Annie Fisher, Kinsella School for the Performing Arts and Webster MicroSociety Magnet School; one middle - Hartford Magnet Middle; two Grades 6-12 Schools - Capital Preparatory Magnet and Classical Magnet; and three high (grades 9-12) - Pathways to Technology, Sports & Medical Sciences Academy and University High School for Science and Engineering.

In addition, there are special programs located throughout the City including a Life Career Center, an Alternative Learning Center and Project Concern/Choice, as well as out-of-district placements.

The Board of Education (the "Board") is composed of four elected members and five members appointed by the Mayor. The Board is fully empowered with all the duties, rights and responsibilities of boards of education established under the Connecticut General Statutes.

Although State control of the Hartford Public Schools ended in 2002, the district must continue to carry out reforms set forth in the Hartford Improvement Plan adopted by the State Board of Trustees. The district must also continue to ensure that all elementary, middle and high schools complete the accreditation process with the New England Association of Schools and Colleges. The New England Association of Schools and

Colleges has accredited all of the City's elementary and middle schools. Hartford Public High School has also been granted conditional accreditation, pending reconstruction of the physical plant which is currently ongoing.

The City and the Hartford Public Schools continue to work through a joint School Building Committee to implement new construction projects including eight new inter-district magnet schools that are scheduled to be built as part of the settlement of the Connecticut Supreme Court Sheff vs. O'Neill decision to help desegregate Hartford's schools. The State will finance the estimated \$128 million construction cost of the new magnet schools that will accommodate 1,520 elementary, middle and high school students from Hartford and its suburbs.

The district has posted increases on its mandated statewide test, the Connecticut Mastery Test, the past several years. The American Federation of Teachers has recognized the "Hartford Model" as a model for improving low-performing schools across the nation. The 16-acre campus in the Learning Corridor that opened in 2001 features a Montessori Inter-District Magnet School, the Hartford Middle Magnet School, the Greater Hartford Academy of the Arts, and the Greater Hartford Academy of Math and Science. The Learning Corridor is becoming a national model because of the coalition of public and private groups' joint efforts to revitalize a neighborhood formerly characterized by crumbling housing, joblessness and crime. In its place there now stands a positive example of voluntary integrated education from kindergarten through high school.

School Enrollment

<u>Year</u>	<u>Pre-K</u>	<u>Elementary Schools</u>	<u>Middle Schools</u>	<u>High Schools</u>	<u>Other</u>	<u>Total</u>
<i>Historical</i>						
1995-96	736	14,143	2,832	4,826	2,193	24,730
1996-97	703	13,944	2,677	4,444	2,656	24,424
1997-98	696	14,539	2,958	4,558	1,469	24,220
1998-99	652	14,356	2,802	4,195	1,690	23,695
1999-00	875	14,116	2,763	4,457	2,067	24,278
2000-01	764	13,741	3,298	4,701	1,916	24,420
2001-02	631	13,491	3,439	4,715	2,203	24,479
2002-03	668	13,791	3,247	5,030	259	22,995
2003-04	653	13,629	3,384	4,997	275	22,938
2004-05	684	12,835	3,560	5,291	374	22,744
2005-06.....	670	12,704	3,219	5,507	310	22,572
2006-07.....	776	12,841	2,830	5,714	2,288	24,449
2007-08.....	818	13,051	2,518	5,856	454	22,697
2008-09.....	764	12,622	2,379	5,744	2,792	24,301

School Facilities

<u>Facility</u>	<u>Grades</u>	<u>Date of Construction</u>	<u>Most Recent Addition or Renovation</u>	<u>Actual Enrollment 10/1/09</u>	<u>Functional Capacity</u>
<i>Elementary Schools</i>					
2550 Main Academy	K-7			35	
Achievement First Charter ...	Pre-K-6	1952	1963	441	475
Batchelder	Pre-K-8	1958	1998	568	724
Betances	Pre-K-6	1924	1986	345	415
Breakthrough Magnet I	Pre-K-8	1972	2000	352	330
Breakthrough II	Pre-K-3	1952	1963	129	n/a
Burns	Pre-K-6	1939	1992	584	800
Burr	Pre-K-8	1914	2005	625	750
Clark, J.C.	Pre-K-6	1971	1988	416	660
Dwight	Pre-K-5	1883	1999	328	360
Fisher	Pre-K-8	1965	2009	253	
Hooker	Pre-K-5	1952	2009	345	
Kennelly	Pre-K-8	1900	1992	795	740
Kinsella School for the Performing Arts/Magnet..	Pre-K-6	1974	2009	618	630
McDonough	Pre-K-6	1897	1998	358	515
M.D. Fox	Pre-K-5	1924	1977	801	860
Milner	Pre-K-6	1924	1998	400	630
M.L. King	Pre-K-6	1924	1977	513	865
Montessori Magnet (at Annie Fisher)	Pre-K-2	1972	--	149	220
Moylan	Pre-K-6	1932	1997	610	755
Naylor	Pre-K-8	1937	2005	702	750
Parkville	Pre-K-6	1977	1996	514	620
Rawson	Pre-K-6	1921	2005	734	750
Sanchez	Pre-K-6	1992	1992	493	540
SAND	Pre-K-6	1998	1998	413	515
Simpson-Waverly	Pre-K-6	1970	1988	437	675
Webster MicroSociety Magnet School	Pre-K-7	1900	2005	619	750
West Middle	Pre-K-6	1894	1995	698	650
Wish	Pre-K-6	1962	1962	426	615
150 Tower Avenue (International Baccalaureate Global Studies)	Pre-K-8	1930	1952	<u>376</u>	400
TOTAL				14,077	
<i>Middle Schools</i>					
Bellizzi Middle	6-8	1964	1996	436	680
Hartford Magnet Middle (Learning Corridor)	6-8	2000	n/a	611	624
Quirk Middle	7-8	1972	2000	<u>244</u>	1,280
TOTAL				1,291	
<i>Magnet Middle/High Schools</i>					
Capital Preparatory Magnet .	6-12	--	--	276	n/a
Classical Magnet	6-12	2005	2005	715	n/a
Sports and Medicine Sciences Academy (Magnet)	7-12	2008	2008	<u>602</u>	325
TOTAL				1,593	

<u>Facility</u>	<u>Grades</u>	<u>Date of Construction</u>	<u>Most Recent Addition or Renovation</u>	<u>Actual Enrollment 10/1/09</u>	<u>Functional Capacity</u>
<i>High Schools</i>					
Bulkeley ¹	9-12	1974	2000	1,338	1,440
2550 Main St Academy	8-12			75	
High School, Inc.	9-10			197	
Opportunity High School. ...	9-10			90	
Pathways to Technology (Magnet)	9-12	n/a	n/a	351	n/a
University High School for Science and Technology (Magnet)	9-12	2009	2009	362	600
Adult Ed. 110 Washington St	GED	1928	2005	n/a	
Weaver ³	9-12	1974	1974	<u>767</u>	
TOTAL				<u>4,696</u>	
GRAND TOTAL				<u>21,657</u>	

¹Two academies: Upper School and Lower School.

²Four academies: Freshman Academy; Nursing Academy; Law and Government Academy; and Academy of Engineering and Green Technology

³Three academies: Freshman Academy; Grades 10-12 Academy; and Culinary Arts Academy

SECTION III – ECONOMIC AND DEMOGRAPHIC DATA

Current Economic Information

The City's Department of Development Services, encompassing the City's planning, community development, housing, economic development licensing and permitting functions, created pursuant to the City Charter, is fully staffed and making a significant impact on major economic initiatives. The Department is positioned to be the single point of contact for commercial and residential development projects.

The Hartford region ranks in the top 15% of U.S. metropolitan economies in Gross Metropolitan Product. Evidence of this economic development activity and the revitalization of the City are clearly visible in the ongoing changes in Hartford's skyline and numerous neighborhoods, much of which will be presented in this section.

Hartford continues to be the largest employment center in the State with more than 115,000 people working in the City on a daily basis. In addition to becoming a regional center for logistic and distribution companies, the headquarters of four Fortune 500 companies are located in Hartford to take advantage of the City's strategic location and highly productive workforce. Northeast Utilities recently relocated its headquarters operation to downtown and Virtus, a new subsidiary of the Phoenix Companies, Inc., announced its intention to remain in the City. The Hartford Financial Services Group which received federal TARP program announced plans in March, 2010 to repay approximately 3.4 billion of funds from the TARP program. In addition, in response to its current financial position, American International Group, Inc. (AIG) has offered for sale to third parties the specialty insurer The Hartford Steam Boiler Inspection and Insurance Company. In addition, the Hartford Hilton Hotel has suffered large operating losses since its renovation in 2005 and the City Council acted to approve a beneficial agreement to prevent the potential closure of the hotel.

While market corrections slow the pace of activity, the City continues to support efforts to transform high-density, low-income housing projects into single-family homeownership and affordable rental units continues throughout the downtown, and neighborhood retail projects continue to take place, such as the recent opening of its restaurant in Connecticut by the national credit retailer, Pollo Tropical.

Status of "Six Pillars" of Economic Development

The Connecticut General Assembly in 1998 created the Capital City Economic Development Authority ("CCEDA"). CCEDA is a quasi-public authority charged with overseeing the State's investment in projects that received CCEDA funding. CCEDA funding was made available for projects located within a bounded downtown area within six categories, also known as the "six pillars". The six pillars include: Adriaen's Landing Convention Center, 1,000 housing units in downtown, the Capital Community College downtown campus, Morgan Street parking garage, the Civic Center conversion, and riverfront infrastructure improvements. Pillar projects have been successful in achieving their goals of placing feet on the street, enhancing the vitality of the downtown and serving as a catalyst for additional private investment.

- **Adriaen's Landing:**

The total investment for the Adriaen's Landing project is nearly \$1 billion with public funding totaling \$700 million and private investment amounting to approximately \$275 million.

The Connecticut Convention Center – The Convention Center opened for operation in June of 2005 with its 145,000 square foot exhibition hall, a 40,000 square foot ballroom, and 25,000 square feet of meeting rooms at a cost of \$190 million. Since the opening, the Center has hosted an averaged 220 events and 250,000 visitors per year.

Marriott Convention Hotel – The 22-story Hartford Marriott Downtown Hotel opened its doors for business in the summer of 2005. The Waterford Group LLC is the private developer for the 409-room hotel, as well as the manager of the Convention Center. This first phase of the project was completed at a cost of approximately \$77 million. The hotel was designed for the construction of a second phase addition that will include another 300 rooms.

Front Street – The HB Nitkin Group was selected by CCEDA as the developer for this project, which will include 60,000 square feet of retail, restaurant and entertainment space and a 286-space garage in its first phase. Construction commenced in November, 2008 and will be completed in spring 2010. The western portion of Front Street District is being planned for a second phase that would include a new residential development.

Connecticut Science Center – Designed by Caesar Pelli, this 145,000-square-foot facility was completed to be the educational destination for Adriaen's Landing. With a regional appeal to families and tourists, it is expected to attract approximately 400,000 visitors each year.

- **Downtown housing units** – Three residential developments have been completed with CCEDA's financial assistance. Trumbull on the Park, which includes 100 market rate apartments, 7,600 square feet of retail and a 600-space garage, was completed in late 2005. This was followed in 2006 by the opening of Hartford 21, a 36-story, 262-unit tower. The project also includes 56,000 square feet of retail for shops and restaurants and is also the new home for the YMCA health club. Lastly, the Temple Street development opened in 2007, adding 78 market rate lofts and 42 student/intern townhouses.
- **Downtown college campus** – Enrollment at this institution continues to increase from year to year. The \$55 million Capital Community College's campus now occupies the former G. Fox department store building at 950 Main Street.
- **Parking improvements** – The Morgan Street Garage opened in January 2002 and added 2,300 parking spaces for the Capital Community College students, downtown office workers and professional and leisure commuters. The facility is run by the Hartford Parking Authority, which also operates the Church Street and MAT Garages at a 96% occupancy rate.
- **Civic Center/Hartford 21** – In addition to CCEDA's investment in Hartford 21, CCEDA funds were used to renovate the former Civic Center mall. The retail space that was previously facing inward now opens to Trumbull Street and a new entrance was built for the XL Center, which hosts UConn basketball games, exhibits and concerts.
- **Riverfront infrastructure** – A large portion of this \$25 million project has been completed with the pedestrian walkway at Riverfront Plaza, boat launches at Charter Oak Landing, the community boathouse and boat ramps at Riverside Park, the Columbus Boulevard walkway and the Riverwalk North. Only the Riverwalk South to the Colt Gateway remains to be completed.

Major Projects

- **Coltsville** - The Coltsville- National Park Service designated it a National Historic Landmark in July of 2008. Since then, the Coltsville Ad Hoc Committee commissioned, completed and submitted a Visitor Experience Study that describes how a National Park would function and what it would include. Based on this study a specific proposal is being prepared for the National Park Service that will lead to legislation and designation as a National Park.
- Urban Smart Growth has taken control of the development project. All 40 residential lofts that have been completed have been leased. In addition, the campus is home to a CREC School and Lexis Nexis, a software company. Environmental remediation of the courtyard is underway, and a new streetscape, to be funded with federal dollars, is currently under review with the Connecticut Department of Transportation. Colt Gateway -Urban Smart Growth is currently negotiating with existing creditors, the city and state on a financial work out that will result in a resumption of the armory renovations that will result in a major mixed-use development.
- **Insurance and Financial Services Sector** – Several important projects have been initiated and/or completed in this sector in the past two years.

Prudential Retirement Services renewed their lease at 280 Trumbull Street and retained 750 high paying positions within the City.

Lincoln National Corporation renewed its lease at the Metro Center, thereby retaining its 800 jobs downtown. This decision followed Lincoln's merger with Jefferson Pilot.

Globe Op Financial Services was recruited to establish a Hartford operation. The company, based in New York, provides administrative and technology support to hedge funds and asset management firms and employs more than 100.

Aetna Life Insurance Company announced its plans to invest over \$150 million in its Farmington Avenue campus to accommodate the relocation of 3,400 employees from other locations. In addition to major interior and exterior building renovations, Aetna is constructing two parking garages, the first of which opened in 2008. By 2010, Aetna will have approximately 6,400 employees at the Hartford campus.

The Hartford Financial Services Group, Inc. completed the purchase of 140 Garden Street in June of 2008, adding 17 acres to its headquarter campus. This acquisition provides a unique opportunity for growth in Hartford. In addition, the corporation is proceeding with a new data center. Following a review of corporate-owned properties throughout the nation, The Hartford decided to site one of two new facilities at the headquarters. The project will include the renovation of 106,200 square feet of existing space and the construction of a 31,725 building addition. This project will result in a minimum investment of \$150 million and the retention of 600 positions.

Virtus Investment Partners announced in September of 2008 its plan to lease space and employ 165 persons at 100 Pearl Street. Virtus is a spin-off of The Phoenix Companies, Inc.

- **Handel Performing Arts Center** – In September of 2008, the University of Hartford opened its new center for performing arts education. The University invested \$20 million in a vacant car dealership, which extended its reach into the Upper Albany neighborhood. The facility consists of classrooms, offices, and rehearsal and performance space and is available for community use.
- **Northeast Utilities** – In December of 2009, Northeast Utilities completed the relocation of its corporate headquarters and 180 positions to 10 Prospect Street in the central business district. The company cited its interest in being in the capital city and the seat of government as their relocation motivation.

- **Sims Metal Management Aerospace, Inc. ("Sims")** – In October of 2008, this aerospace company announced plans to relocate within the City. Currently located on Flatbush Avenue, Sims has executed a 25-year lease to rent an existing 279,000 square foot building and a 145,000 square foot building that will be constructed to meet their needs. The project is located in the North Meadows and is one of the region's largest industrial transactions of the year.
- **Hilton Homewood Suites** – Opened for business in 2007. The new facility has 166 rooms at the former Bond Hotel on Asylum Street. It also features a banquet facility and a restaurant.
- **Metro Center at Main and Pavilion** – This \$4.5 million shopping plaza opened in the spring of 2005. The plaza is fully leased and anchored by Family Dollar and Save-A-Lot grocery store. The project represents the first new commercial ground-up development in the Clay-Arsenal neighborhood in over 30 years and employs 34 full-time employees.
- **Former Charter Oak Terrace Housing Project** – This 60-acre site is the new home of a federal Job Corps Center and a 350,000 square foot retail shopping center, anchored by Wal-Mart. The in-line retail shops celebrated a grand opening in November 2004 and have created more than 800 new jobs and quality shopping opportunities in the City. Since then, the development of the out parcels for national chain restaurants has rounded out the site. In addition, 10 acres of needed industrial land ready for development balances out the project.

Housing Initiatives

In the 1990's Hartford adopted two objectives – reconstructing or renovating all of its public housing projects with the desire to increase home ownership and reduce rentals. The first objective is substantially complete. The City is now focused on its second objective and has the following projects in various stages of design and development. Approximately 2,100 homeownership units have been added since 2002.

- **410 Asylum** – In 2009, Common Ground opened the Hollander Center and began leasing 70 new, mixed-income apartments downtown. The renovated building also includes ground floor retail opportunities.
- **Former American Airlines building** – College Street Partners is currently renovating a 160,000 square foot building purchased from the City. The project will include 18,000 square feet of retail space on the first floor and 101 apartments on the upper floors.
- **Northend Gateway at 1450 Main Street** – The City sold this 4.3 acre parcel of land to Sheldon Oak Central, LLC. The developer built 45 affordable rental units and 12 market-rate apartments in the Clay Arsenal neighborhood. This \$17 million project opened for occupancy in December 2008 and is equipped with central air, high speed internet, direct access elevators and a dedicated green space for families.
- **Brick Hollow** – This \$8 million project was completed in 2006. The development rehabilitated and reconfigured 60 housing units to 50. The property is located in the Putnam Heights area of the Frog Hollow Neighborhood.
- **Capewell** – The former horse nail factory is situated on 6 acres near Adriaen's Landing in the Sheldon/Charter Oak Neighborhood. Current plans are for 67 residential condominiums at an estimated project cost of \$34 million.
- **Dutch Point** – The Hartford Housing Authority received a \$20 million HUD Hope VI grant to rebuild the Dutch Point Housing Project. Phase I, which includes 73 rental units, was completed in 2006. Phase II was completed in the fall of 2008, and consists of 54 apartments and recreational areas. Construction of Phase III is underway and will add another 58 units to this \$73 million development.

- **Rice Heights** – Rice Heights is another example of the City's ambitious program to turn public-housing projects from blight to middle-class homeownership. Approximately 50 single-family dwelling units have been built and sold to qualified candidates.
- **Alden Street** – In 2006, Providian Builders completed construction and sold 23 townhouse-style condominiums.
- **Trumbull on the Park** – A \$40 million project that includes 100 market-rate apartments, 7,600 square feet of retail space, and a 600-car parking garage. The development is located on historic Lewis Street and faces Bushnell Park. The project is funded through the Connecticut Housing Finance Authority with the assistance of a federal loan guarantee and \$6 million from CCEDA and opened in 2005.
- **18 Temple Street** – The \$45 million renovation of the former Sage-Allen department store began in late 2004 and was completed in May 2007. The project includes 78 market-rate apartments, 42 student townhouses, 12,000 square feet of retail space, and a parking garage for 318 cars.
- **The Metropolitan** – New Haven, Connecticut-based College Street Partners completed the renovation of 246 Pearl Street in 2006. The former office building was transformed into 50 market-rate condominiums in the central business district. Sales of individual units are currently underway.
- **Goodwin Estates** – New York-based Ginsburg Development Company restored the historic Goodwin Estates in the west end of the City with seven condominium flats and 56 new townhouses in Hartford's first new high-end housing in 20 years. The project was completed at a cost of \$23 million and all units have been sold. The Goodwin homes vary in size from 1,500 square foot to 3,000 square foot townhouses.
- **Mortson Street/Putnam Heights** – This \$10.8 million project includes the conversion of seven abandoned buildings and construction of five new buildings to complete 70 new owner-occupied townhouses.
- **Pope Park/Park Terrace** – 68 affordable units have been restored or constructed in 13 perfect-six apartment buildings. Mutual Housing Association of Greater Hartford Inc. developed the \$14 million project with a combination of loans, grants, and other funding sources.
- **SANA Apartments** – The \$25 million HUD funded project to reconfigure and rehabilitate the South Arsenal Neighborhood Associations' 260 housing units contained in 13 separate buildings was completed in 2005.
- **Stowe Village** – More than 100 duplex units have been built and beautifully landscaped at Stowe Village in the Northeast neighborhood. Thirty-three single-family units flank the units and a third phase of construction of additional single-family dwellings is planned.

Planned Projects

- **Public Safety Complex:** Progress continues on the City's new public safety complex on High Street. The former Board of Education building will be renovated as the new Fire Department headquarters, which will be connected to a new headquarter facility for the Police Department. Commercial activity and interest in the surrounding area is increasing as a result of this project, located northwest of the central business district near the intersection of Main Street and Albany Avenue.
- **3 Constitution Plaza:** AI Engineers of Middletown, CT purchased the former WFSB-Broadcast House in July of 2008. Located at the corner of Columbus and State Streets, 3 Constitution Plaza is a signature downtown site. AI Engineers is designing a 12-story, LEED Platinum tower to serve as its corporate headquarters and to provide additional space for technology companies. The demolition and clearing of the site is nearly complete.

Redevelopment Opportunities

- **Downtown Redevelopment Initiative:** On January 26, 2009, the Court of Common Council adopted three separate Redevelopment Plans in accordance with state statutes. Each Plan was designed to target blighted buildings and/or underutilized land areas in and surrounding the downtown core. The purpose of each Plan is to stimulate private investment and create better physical connections with the central business district. Acquisition strategies are critical components of each Plan. They are as follows::

The *Constitution Plaza East Project* is the smallest of the three Plans and focuses on the former WFSB-Broadcast House and the long vacant Sonesta Hotel. As noted above, AI Engineers is proceeding with a plan for the Broadcast House, which is consistent with the Plan's goal for this important site. Since part of the reuse of the hotel building presents considerable financial challenges, a demolition and reuse of the site may be required.

The *Downtown North Project* area is currently separated from the central business district by Interstate 84. The 123 acre plan area is dominated by underutilized land. The Plan calls for the acquisition of one blighted structure and two vacant parcels of land to create a substantial assemblage to spur a large scale, mixed-use development to connect downtown and the Clay Arsenal neighborhood.

The *Downtown West-Section II Union Station-Walnut Street Project* aims to create a linkage between Union Station and Asylum Hill, home to major insurance companies and thousands of workers. One blighted building and a small parcel of land are included in the acquisition strategy. With a new State focus on utilizing Union Station as a commuter rail hub, the area presents a unique opportunity for transit-oriented development.

Population and Density

<u>Year</u>	<u>City of Hartford</u>			<u>Hartford County</u>		<u>State of Connecticut</u>	
	<u>Population</u>	<u>% Change</u>	<u>Density¹</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2000	124,121	(11.2)	6,746	857,183	0.6	3,405,565	3.6
1990	139,739	2.5	7,595	851,783	5.4	3,287,116	5.8
1980	136,392	(13.7)	7,413	807,766	(1.1)	3,107,576	2.5
1970	158,017	(2.6)	8,588	816,737	18.4	3,032,217	19.6
1960	162,178	0	8,814	689,555	0	2,535,235	0

¹Density based on 18.4 square miles.

Source: U.S. Department of Commerce, Bureau of the Census, Census of Population and Housing, 1960-2000.

Population Composition

Age	City of Hartford		Hartford County		State of Connecticut	
	Number¹	Percent	Number	Percent	Number	Percent
Under 5 years	10,116	8.3	54,783	6.4	223,344	6.5
5 to 9 years	10,746	8.8	60,819	7.1	244,144	7.2
10 to 14 years	9,959	8.2	61,163	7.1	241,587	7.1
15 to 19 years	10,341	8.5	54,600	6.4	216,627	6.3
20 to 24 years	10,689	8.8	46,422	5.4	187,571	5.5
25 to 34 years	18,801	15.5	112,598	13.1	451,640	13.3
35 to 44 years	17,398	14.3	142,507	16.6	581,049	17.1
45 to 54 years	13,342	11.0	120,642	14.1	480,807	14.1
55 to 59 years	4,723	3.9	44,319	5.2	176,961	5.2
60 to 64 years	3,875	3.2	33,702	3.9	131,652	3.9
65 to 74 years	5,935	4.9	60,976	7.1	231,565	6.8
75 to 84 years	4,015	3.3	47,197	5.5	174,345	5.1
85 years and over	<u>1,638</u>	<u>1.3</u>	<u>17,455</u>	<u>2.1</u>	<u>64,273</u>	<u>1.9</u>
Total	121,578	100.0	857,183	100.0	3,405,565	100.0

Median Age	1990	2000
City of Hartford	28.4	29.7
Hartford County	34.5	37.7
State of Connecticut	34.4	37.4

¹ According to the official returns of the 2000 U.S. Census, the corrected population count as of April 1, 2000 for the City of Hartford is 124,121. The population by age was not corrected to reflect this change, however.

Source: U.S. Department of Commerce, Bureau of the Census, Census of Population and Housing, 1990-2000.

Income Distribution

Income for Families	City of Hartford		Hartford County		State of Connecticut	
	Families	Percent	Families	Percent	Families	Percent
\$ 0 - 9,999	5,298	19.3	10,777	4.8	33,423	3.8
10,000 - 14,999	2,689	9.8	6,854	3.1	23,593	2.7
15,000 - 24,999	4,829	17.6	16,969	7.6	63,262	7.1
25,000 - 34,999	3,708	13.5	20,262	9.1	75,413	8.5
35,000 - 49,999	4,204	15.3	30,972	13.9	120,134	13.6
50,000 - 74,999	3,952	14.4	50,644	22.7	198,924	22.5
75,000 - 99,999	1,525	5.5	36,116	16.2	141,981	16.0
100,000 - 149,999	765	2.8	31,848	14.2	132,177	14.9
150,000 or more	<u>483</u>	<u>1.8</u>	<u>18,856</u>	<u>8.4</u>	<u>96,840</u>	<u>10.9</u>
Total	27,453	100.0	223,298	100.0	885,747	100.0

Source: U.S. Department of Commerce, Bureau of the Census, Census of Population and Housing, 2000.

Income Levels

	City of Hartford	Hartford County	State of Connecticut
Per capita income	\$13,428	\$26,047	\$28,766
Median family income	\$27,051	\$62,144	\$65,521
Median household income	\$24,820	\$50,756	\$53,935
% below poverty level (families)	28.2%	7.1%	5.6%

Source: U.S. Department of Commerce, Bureau of the Census, Census of Population and Housing, 2000.

Educational Attainment

(Years of School Completed, Age 25 and over)

<u>Educational Attainment</u>	<u>City of Hartford</u>		<u>Hartford County</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than 9th grade	11,541	16.5	37,632	6.5	132,917	5.8
9th to 12th grade, no diploma	15,821	22.7	64,670	11.2	234,739	10.2
High school graduate	21,240	30.4	165,890	28.6	653,300	28.5
Some college, no degree	9,931	14.2	101,051	17.4	402,741	17.5
Associate degree	2,671	3.8	38,945	6.7	150,926	6.6
Bachelor degree	5,030	7.2	101,865	17.6	416,751	18.2
Graduate or professional degree	<u>3,634</u>	<u>5.2</u>	<u>69,786</u>	<u>12.0</u>	<u>304,243</u>	<u>13.2</u>
Total	69,868	100.0	579,839	100.0	2,295,617	100.0
Percent high school graduate or higher		60.8		82.4		84.0
Percent bachelor degree or higher		12.4		29.6		31.4

Source: U.S. Department of Commerce, Bureau of the Census, Census of Population and Housing, 2000.

Age Distribution of Housing

<u>Household Characteristics</u>	<u>City of Hartford</u>		<u>Hartford County</u>		<u>State of Connecticut</u>	
	<u>Units</u>	<u>Percent</u>	<u>Units</u>	<u>Percent</u>	<u>Units</u>	<u>Percent</u>
Built in 1939 or earlier	16,373	32.3	71,019	20.1	308,896	22.3
Built in 1940-1959	15,444	30.5	101,177	28.6	359,042	25.9
Built in 1960-1969	7,687	15.2	57,088	16.2	212,176	15.3
Built in 1970-1979	5,769	11.4	51,755	14.7	203,377	14.7
Built in 1980-1989	3,355	6.6	46,009	13.0	183,405	13.2
Built in 1990-1994	1,127	2.2	12,310	3.5	56,058	4.0
Built in 1995-March 2000	<u>889</u>	<u>1.8</u>	<u>13,664</u>	<u>3.9</u>	<u>63,021</u>	<u>4.6</u>
Total	50,644	100.0	353,022	100.0	1,385,975	100.0

Source: U.S. Department of Commerce, Bureau of the Census, Census of Population and Housing, 2000.

Housing Unit Inventory and Vacancy Rates

<u>Housing Units</u>	<u>City of Hartford</u>		<u>Hartford County</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Units in structure						
1 unit, detached	7,553	14.9	193,737	54.9	816,706	58.9
1 unit, attached	2,145	4.3	19,852	5.6	71,185	5.1
2 to 4 units	18,345	36.2	65,403	18.5	246,617	17.8
5 to 9 units	7,505	14.8	23,239	6.6	76,836	5.6
10 or more units	15,046	29.7	48,895	13.9	162,437	11.7
Mobile home, trailer, other	<u>50</u>	<u>0.1</u>	<u>1,896</u>	<u>0.5</u>	<u>12,194</u>	<u>0.9</u>
Total units	50,644	100.0	353,022	100.0	1,385,975	100.0
Occupied housing units	44,986	88.8	335,098	94.9	1,301,670	93.9
Vacant housing units	<u>5,658</u>	<u>11.2</u>	<u>17,924</u>	<u>5.1</u>	<u>84,305</u>	<u>6.1</u>
Total units	50,644	100.0	353,022	100.0	1,385,975	100.0

Source: U.S. Department of Commerce, Bureau of the Census, Census of Population and Housing, 2000.

Owner-occupied Housing Units

	<u>City of Hartford</u>		<u>Hartford County</u>		<u>State of Connecticut</u>	
Total owner-occupied units	11,064		215,275		869,729	
Persons per unit	2.76		2.62		2.67	
Mean number of rooms	4.4		5.5		5.6	
	<u>City of Hartford</u>		<u>Hartford County</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Specified owner-occupied units						
Less than \$50,000	322	4.9	1,226	0.7	5,996	0.8
\$50,000 to \$99,999	3,523	54.2	27,699	15.0	85,221	11.7
\$100,000 to \$149,999	1,765	27.2	67,455	36.4	212,010	29.1
\$150,000 to \$199,999	390	6.0	43,460	23.5	156,397	21.5
\$200,000 to \$299,999	257	4.0	30,950	16.7	137,499	18.9
\$300,000 to \$499,999	172	2.6	11,427	6.2	79,047	10.9
\$500,000 or more	<u>71</u>	<u>1.1</u>	<u>2,799</u>	<u>1.5</u>	<u>52,074</u>	<u>7.1</u>
Total	6,500	100.0	185,016	100.0	728,244	100.0
Median value	\$93,900	-	\$147,300	-	\$166,900	-

Source: U.S. Department of Commerce, Bureau of the Census, Census of Population and Housing, 2000.

Number and Size of Households

	<u>City of Hartford</u>		<u>Hartford County</u>		<u>State of Connecticut</u>	
<u>Household Characteristics</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Persons in households	116,223	-	830,338	-	3,297,626	-
Persons per household (average)	2.58	-	2.48	-	2.53	-
Persons per family (average)	3.33	-	3.05	-	3.08	-
Family households	27,189	60.4	222,356	66.4	881,170	67.7
Non-family households	<u>17,797</u>	<u>39.6</u>	<u>112,742</u>	<u>33.6</u>	<u>420,500</u>	<u>32.3</u>
All households	44,986	100.0	335,098	100.0	1,301,670	100.0
Family households by type						
Married couple	11,355	41.8	164,796	74.1	676,467	76.8
Female householders, no spouse ..	13,332	49.0	45,404	20.4	157,411	17.8
Other	<u>2,502</u>	<u>9.2</u>	<u>12,156</u>	<u>5.5</u>	<u>47,292</u>	<u>5.4</u>
Total family households	27,189	100.0	222,356	100.0	881,170	100.0
Non-family households by type						
Householders living alone	14,950	84.0	93,515	82.9	344,224	81.9
Other	<u>2,847</u>	<u>16.0</u>	<u>19,227</u>	<u>17.1</u>	<u>76,276</u>	<u>18.1</u>
Total non-family households	17,797	100.0	112,742	100.0	420,500	100.0

Source: U.S. Department of Commerce, Bureau of the Census, Census of Population and Housing, 2000.

Value of Construction Activity

<u>Calendar Year</u>	<u>Number</u>	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>Other¹</u>	<u>Total</u>
2009	4,230	\$15,442,671	\$190,459,312	\$109,442,121	\$315,344,104
2008	4,326	37,250,732	230,080,698	144,250,143	411,581,573
2007	4,328	23,846,030	84,367,870	282,988,682	391,202,582
2006	4,244	36,287,705	115,692,401	169,979,430	321,959,536
2005	3,948	18,237,904	65,306,060	34,383,656	117,927,620
2004	2,469	15,240,516	51,264,014	55,740,900	122,245,430
2003	1,574	22,864,913	53,690,851	196,790	76,752,554
2002	1,704	23,224,448	74,192,146	1,678,788	99,095,382
2001	2,073	19,608,541	68,913,758	16,824,451	105,346,750
2000	2,000	32,689,787	96,298,988	38,649,232	167,638,007
1999	1,995	22,908,364	67,495,807	13,632,742	104,036,913

¹ Municipal and other exempt new construction.

Employment Data

<u>Job Sector</u>	<u>City of Hartford</u>		<u>Hartford County</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Manufacturing jobs - total.....	4,895	11.5	58,973	14.4	246,607	14.8
Non-manufacturing:						
Agriculture, forestry, fishing, hunting and mining	227	0.5	1,398	0.3	7,445	0.5
Construction.....	1,867	4.4	20,863	5.1	99,913	6.0
Wholesale trade	1,096	2.6	13,839	3.4	53,231	3.2
Retail trade	4,194	10.0	43,795	10.7	185,633	11.2
Transportation, warehousing and utilities	2,113	5.0	16,816	4.1	64,662	3.9
Information	1,090	2.6	10,908	2.5	55,202	3.3
Finance, insurance, real estate and leasing	4,345	10.2	55,987	13.6	163,568	9.8
Professional, scientific, management, administrative and waste management	4,305	10.1	37,216	9.1	168,334	10.1
Educational, health and social services.....	9,352	22.0	88,992	21.7	366,568	22.0
Arts, entertainment, recreation, accommodation and food	4,241	10.0	24,363	5.9	111,424	6.7
Other services	2,404	5.7	17,598	4.3	74,499	4.5
Public administration.....	<u>2,273</u>	<u>5.4</u>	<u>20,023</u>	<u>4.9</u>	<u>67,354</u>	<u>4.0</u>
Total non-manufacturing	37,507	88.5	351,798	85.6	1,417,833	85.2
Total employed persons	42,402	100.0	410,771	100.0	1,664,440	100.0

Source: U.S. Department of Commerce, Bureau of the Census, Census of Population and Housing, 2000.

Commute to Work
(16 years of age and over)

	<u>City of Hartford</u>		<u>Hartford County</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Drove alone	23,084	56.3	332,124	82.3	1,312,700	80.0
Car pools	6,746	16.4	36,463	9.0	154,400	9.4
Using public transportation	7,609	18.6	14,093	3.5	65,827	4.0
Walked	2,374	5.8	8,499	2.1	44,348	2.7
Using other means	507	1.2	2,939	0.7	12,130	0.8
Worked at home	689	1.7	9,745	2.4	51,418	3.1
Total	41,009	100.0	403,863	100.0	1,640,823	100.0
Mean travel to work (minutes)	24.2		21.9		24.4	

Source: U.S. Department of Commerce, Bureau of the Census, Census of Population and Housing, 2000.

Employed Persons

	<u>City of Hartford</u>		<u>Percent Unemployed</u>		
	<u>Employed</u>	<u>Unemployed</u>	<u>City of Hartford</u>	<u>Hartford Labor Market Area</u>	<u>State of Connecticut</u>
Annual Average 2009	43,627	7,192	14.2	8.3	8.2
Annual Average 2008	45,436	4,671	9.3	5.8	5.7
Annual Average 2007	44,534	4,367	8.9	5.1	5.9
Annual Average 2006	44,044	4,178	8.7	4.4	4.3
Annual Average 2005	41,126	5,037	10.9	5.7	5.3
Annual Average 2004	42,900	4,835	10.1	5.2	4.9
Annual Average 2003	45,821	5,971	11.5	5.9	5.5
Annual Average 2002	49,746	4,422	8.2	4.5	4.3
Annual Average 2001	48,970	3,453	6.6	3.3	3.3
Annual Average 2000	50,246	2,561	4.8	2.4	2.3
Annual Average 1999	48,547	3,308	6.4	3.3	3.2

Source: Based on U.S. Department of Labor and Employment Security Division, Labor Department, State of Connecticut.

Major Employers Located in the Greater Hartford Area

<u>Employer</u>	<u>Industry</u>	<u>Location</u>	<u>Employees</u>
State of Connecticut	Government	Hartford	53,129
United Technologies Corp.	Diversified manufacturer	Hartford	26,400
The Hartford Financial Services Group	Insurance, financial services	Hartford	12,600
Aetna Inc.	Health insurance	Hartford	7,366
The Travelers Cos. Inc.	Property/casualty insurance	Hartford	6,200
Hartford Hospital	General hospital	Hartford	5,100
Bank of America	Banking/financial services	MetroHartford	5,100
John Dempsey Hospital	General hospital	Farmington	5,000
Northeast Utilities	Electric utility	Hartford	4,148
University of Connecticut	State university	Storrs	4,000
CIGNA Corp.	Insurance	Bloomfield	3,833
Saint Francis Hospital and Medical Center	General hospital	Hartford	3,466
ESPN.....	Media	Bristol	3,000
The Hospital of Central Conn.	General hospital	New Britain	3,000
UnitedHealth Group (Uniprise)	Health insurance	Hartford	2,300
Cianbro Corp.....	General contractor	Bloomfield	2,200
Mass Mutual Financial Group	Insurance	Enfield	1,900
ING Group	Financial services	Hartford	1,800
MetLife	Insurance	Hartford	1,750
Eastern CT Health Network	General hospital	Manchester	1,570
AT&T	Telecommunications	MetroHartford	1,497
ABB, Inc.	Fossil and nuclear power generation	Windsor	1,400
Kaman Corporation.....	Diversified manufacturer	Bloomfield	1,320
Stanley Works	Hardware manufacturer	New Britain	1,300
J.C. Penney Company, Inc.	Catalog and retail distribution	Manchester	1,300
Lydall, Inc.	Fiber material, specialty papers	Manchester	<u>1,193</u>
TOTAL			161,872

Source: Metro Hartford Chamber of Commerce 2009

Commercial Real Estate Market Analysis

Vacant Space

<u>Type</u>	<u>Q4 2009</u>		<u>Q4. 2008</u>		<u>Q4. 2007</u>	
	<u>Total Square Feet</u>	<u>Overall Vacancy Rate</u>	<u>Total Square Feet</u>	<u>Overall Vacancy Rate</u>	<u>Total Square Feet</u>	<u>Overall Vacancy Rate</u>
City of Hartford Office CBD	7,976,010	23.0%	7,971,717	21.4%	7,623,991	16.9%
Hartford's Class "A" ..	6,178,692	19.9 %	6,198,671	18.3%	6,106,233	12.8%
Regional Office	25,630,420	18.3%	25,442,642	17.7%	25,695,966	17.2%
City of Hartford Industrial	5,041,381	11.4%	5,039,811	9.4%	5,384,001	12.0%
Regional Industrial	87,251,228	13.7 %	86,728,718	10.2%	85,436,466	9.2%

Source: Cushman & Wakefield of Connecticut, Inc.

Land Use Breakdown

<u>Land Use Category</u>	<u>Acres</u>	<u>Percent</u>
1-3 family residential	2,372.35	20.6
4-6 family residential	209.54	1.8
Over 6 family residential	697.36	6.1
Office/commercial	292.14	2.5
Business	1,104.76	9.6
Institutional and government	1,673.02	14.5
Industry	283.14	2.5
Open space, park, cemetery	1,531.80	13.3
Vacant land and buildings	1,022.69	8.9
Streets and transportation	<u>2,314.30</u>	<u>20.1</u>
Total	11,501.10	100.0

Source: City Assessor

SECTION IV - DEBT SECTION

Debt Authorization

Title 7 of the Connecticut General Statutes, Revision of 1958, as amended, authorizes the City to issue bonds, notes and other obligations.

Under the City Charter, bonds and bond anticipation notes are authorized by an ordinance approved by the affirmative vote of at least six members of the Common Council. If the total estimated cost of any improvement for which bonds are proposed to be issued exceeds \$2 million, and if the full faith and credit of the City shall be pledged to the payment of any portion of the principal and interest on the bonds, the ordinance authorizing the issuance of bonds shall be subject to the approval of a majority vote of City electors voting thereon, if, within 30 days after published notice of the enactment by the Common Council, a sufficient petition is filed with the City Clerk requesting that such ordinance be either repealed or submitted to a vote of the electors. In order for the petition to be sufficient it must be signed in ink by not less than 3% of the City electors.

Limitation of Indebtedness

Under Connecticut law, municipalities shall not incur indebtedness through the issuance of general obligation bonds that will cause aggregate indebtedness by class to exceed the following:

General Purpose: 2.25 times annual receipts from taxation.

School Purpose: 4.50 times annual receipts from taxation.

Sewer Purpose: 3.75 times annual receipts from taxation.

Urban Renewal Purpose: 3.25 times annual receipts from taxation.

Pension Deficit Funding: 3.00 times annual receipts from taxation.

In no case, however, shall total indebtedness exceed seven times annual receipts from taxation.

"Annual receipts from taxation" is defined as total tax collections (including interest and penalties) and State payments in lieu of taxes under Connecticut General Statutes Sections 12-129d and 7-528 for the most recent fiscal year next preceding the date of issue.

The statutes also provide for certain exclusions of debt issued in anticipation of taxes, for the supply of water, gas, or electricity, construction of subways for cables, wires and pipes, for the construction of underground conduits for cables, wires and pipes and for two or more of such purposes; for indebtedness issued in anticipation of the receipt of proceeds from assessments levied upon property benefited by any public improvement; and for indebtedness issued in anticipation of the receipt of proceeds from State or federal grants evidenced by a written commitment or contract but only to the extent such indebtedness can be paid from such proceeds.

Statement of Statutory Debt Limitation and Debt Margin

Pro Forma as of April 15, 2010¹ (In Thousands)

Computation of Statutory Debt Limit and Debt Margin

The following table sets forth the computation of the statutory debt limit of the City and the debt incurring margin as of April 15, 2010¹, adjusted to give effect to this financing:

Total Fiscal Year 2009 tax collections (including interest and penalties)	\$249,742
State reimbursement for tax relief for elderly – freeze	342
Base for Establishing Debt Limit	<u>\$250,084</u>

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>	<u>Total Debt</u>
Statutory Debt Limit						
General Purpose						
(2.25 times base)	\$562,689					
Schools						
(4.50 times base)		\$1,125,378				
Sewers						
(3.75 times base)			\$937,815			
Urban Renewal						
(3.25 times base)				\$812,773		
Unfunded Past Pension						
(3.00 times base)					<u>\$75,252</u>	
Total Debt Limitation	<u>\$562,689</u>	<u>\$1,125,378</u>	<u>\$937,815</u>	<u>\$812,773</u>	<u>\$75,252</u>	<u>\$3,513,907</u>
(7.00 times base)						
Actual Indebtedness						
Bonds Payable	\$190,253	\$117,322				\$307,575
Notes Payable						
The Bonds (<i>This Issue</i>)	12,550	1,450				14,000
The Notes (<i>This Issue</i>)	30,000	10,000				40,000
Authorized but						
Unissued Debt	138,331	92,800	\$578			231,709
Overlapping Debt ²			56,213			56,213 ³
Clean Water Fund						
Permanent Loan						
Obligation (“CWF PLO”)			1,685			1,685
School Building Grants						
Receivable (estimated)		<u>(60,856)³</u>				<u>(60,856)³</u>
Total Indebtedness	<u>\$371,134</u>	<u>\$160,716</u>	<u>\$58,476</u>	<u>\$0</u>	<u>\$0</u>	<u>\$ 590,326</u>
Excess of Limit Over Outstanding and Authorized Debt	<u>\$191,555</u>	<u>\$964,662</u>	<u>\$879,339</u>	<u>\$812,773</u>	<u>\$75,252</u>	<u>\$2,923,581</u>

¹Does not include grants received since July 1, 2009.

²City’s share of MDC debt as of April 15, 2010.

³School building grants receivable is estimated based on reimbursement percentages for projects to be constructed, plus \$16.7 million applicable to outstanding bond issues.

Note: Total indebtedness above amounts to \$590.326 million but in no event shall total indebtedness exceed \$1.75 billion (seven times the base for debt limitation computation).

Annual Bonded Debt Maturity Schedule

Pro Forma as of April 15, 2010

Fiscal Year Ending June 30	Principal Payments	Interest Payments	Total Payments	Percent Cumulative Principal Retired	The Bonds	State School Building Grants (Principal Only ¹)	Net Projected Principal Payments
2010	\$2,150,000	\$806,763	\$2,956,763	0.70%	--	1,612,000	\$538,000
2011	22,640,000	14,188,068	36,828,068	8.06%	--	1,793,000	20,847,000
2012	22,650,000	13,152,259	35,802,259	15.42%	740,000	1,790,000	21,600,000
2013	22,425,000	12,066,852	34,491,852	22.71%	740,000	1,788,000	21,377,000
2014	21,765,000	11,018,524	32,783,524	29.79%	740,000	1,786,000	20,719,000
2015	21,815,000	10,018,543	31,833,543	36.88%	740,000	1,779,000	20,776,000
2016	21,910,000	8,955,574	30,865,574	44.01%	740,000	2,019,000	20,631,000
2017	20,985,000	7,907,133	28,892,133	50.83%	740,000	1,511,000	20,214,000
2018	19,830,000	6,897,753	26,727,753	57.28%	740,000	886,000	19,684,000
2019	18,420,000	5,954,696	24,374,696	63.27%	735,000	570,000	18,585,000
2020	17,195,000	5,068,181	22,263,181	68.86%	735,000	438,000	17,492,000
2021	16,265,000	4,242,045	20,507,045	74.14%	735,000	221,000	16,779,000
2022	15,330,000	3,483,644	18,813,644	79.13%	735,000	0	16,065,000
2023	15,450,000	2,745,556	18,195,556	84.15%	735,000	0	16,185,000
2024	15,365,000	2,004,289	17,369,289	89.15%	735,000	0	16,100,000
2025	13,875,000	1,300,748	15,175,748	93.66%	735,000	0	14,610,000
2026	9,480,000	734,038	10,214,038	96.74%	735,000	0	10,215,000
2027	5,795,000	356,375	6,151,375	98.62%	735,000	0	6,530,000
2028	2,115,000	158,625	2,273,625	99.31%	735,000	0	2,850,000
2029	2,115,000	52,875	2,167,875	100.00%	735,000	0	2,850,000
2030	--	--	--		<u>735,000</u>	<u>0</u>	<u>735,000</u>
Total	\$307,575,000	\$111,112,538	\$418,687,538		\$14,000,000	\$16,193,000	\$305,382,000

¹Does not include grants received since June 30, 2009.

Current Debt Statement

As of April 15, 2010¹
(Pro Forma)

Long-term Debt	\$307,575,000
Bonds (<i>This Issue</i>)	14,000,000
CWF PLO	1,685,000
Short-term Debt Outstanding	--
The Notes (<i>This Issue</i>)	<u>40,000,000</u>
 Total Direct Debt	 \$363,260,000
Less: School Construction Grants -	
State of Connecticut ²	<u>(14,608,000)</u>
Total Net Direct Indebtedness	\$348,652,000
Net Overlapping Debt - MDC 4/15/2010	\$ <u>56,212,952</u>
Total Overall Direct Net Debt	\$404,864,952

¹Does not include debt service payments made or grants received since 4/15/2010.

²Represents School Construction Grants payable to the City over the life of certain school bond issues.

Note: Does not include authorized but unissued debt.

Current Debt Ratios¹
As of April 15, 2010
(Pro Forma)

Population ²	124,062
Net Taxable Grand List - 10/1/09 @ 70% of full value ³	\$ 3,604,167,480
Estimated Full Value.....	\$5,148,810,686
Equalized Net Taxable Grand List (2008) ⁴	\$5,617,517,672
Money Income per Capita ⁵	\$13,428

	Total Direct Debt <u>\$363,260,000</u>	Total Net Direct Debt <u>\$348,652,000</u>	Total Net Debt <u>\$404,864,952</u>
Per Capita	\$2,928.05	\$2,810.30	\$3,263.41
Ratio to Net Taxable Grand List	10.08%	9.67%	11.23%
Ratio to Estimated Full Value	7.06%	6.77%	7.86%
Ratio to Equalized Net Taxable Grand List ..	6.47%	6.21%	7.21%
Per Capita to Money Income Per Capita	21.81%	20.93%	24.30%

¹ Numbers used for calculation of ratios do not include grants received since 4/15/2010

² Connecticut Department of Health Services, 2008, for City of Hartford.

³ Excludes Supplemental Motor Vehicle.

⁴ Office of Policy and Management, State of Connecticut.

⁵ U.S. Department of Commerce, Bureau of Census, 2000, for City of Hartford.

Authorized but Unissued Debt

As of March 15, 2010 the City had \$231,709,614 authorized and unissued debt. Of that amount \$138,909,178 is for various public improvement and sewer projects and \$92,800,436 is for school projects. See "State School Construction Grants" herein.

Ratio of Annual Debt Service Expenditures for General Fund Bonded Debt to General Fund Expenditures
Last Five Fiscal Years

<u>Fiscal Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Fund Expenditures</u>	<u>Ratio of Debt Service to General Fund Expenditures</u>
2009.....	\$21,775,000	\$14,322,000	\$36,097,000	\$509,704,000	7.08
2008.....	\$18,945,000	\$13,896,000	\$32,841,000	\$521,742,000	6.29
2007.....	\$16,500,000	\$11,030,307	\$28,530,307	\$496,884,000	5.74
2006.....	\$14,870,000	\$11,029,000	\$25,899,000	\$451,342,000	5.74
2005	\$14,150,000	\$5,997,000	\$20,147,000	\$434,927,000	4.63
2004	\$14,515,000	\$6,700,000	\$21,215,000	\$414,446,000	5.12

Bonds Outstanding
Last Five Fiscal Years Ended June 30

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$295,845,000	\$308,105,000	\$327,050,000	\$273,550,000	\$218,420,000

Overlapping Debt

The City is a member of The Metropolitan District Commission (the "MDC"), a special district in Hartford County, formed under State statutes to provide water and sanitary sewer services to its eight member municipalities. Water services are provided directly by the MDC and billed to the users. As of April 15, 2010, the total outstanding debt of the MDC was \$202,059,497 of which the City of Hartford is responsible for \$56,212,952 or 27.82%.

The MDC was cited by the U.S. Environmental Protection Agency (USEPA) and the United States Department of Justice (USDOJ) for overflows for the sewer systems in West Hartford, Newington, Wethersfield Rocky Hill and Windsor. The MDC was fined \$850,000 and signed a Consent Decree to cease all overflows within twelve years (by the year 2020). The MDC also negotiated a Consent Order with the Connecticut Department of Environmental Protection (CTDEP) to control the Combined Sewer Overflows ("CSO") located in the Hartford sewer system within fifteen years (by the year 2022).

The MDC has conducted studies of the CSO under the direction of the CDEP. A plan for abating these pollution sources, called the Clean Water Project, has been prepared by consultants to the MDC. The plan combines several abatement strategies including new sewers, removal of storm water flows during storm events, and additional treatment capacity. Completion of these system improvements will require a construction program of at least fifteen years.

On November 7, 2006, voters in the eight member towns overwhelmingly approved a referendum authorizing the MDC to appropriate \$800,000,000 for the Clean Water Project to be financed by the issuance of bonds. The MDC is pursuing state funding from the Clean Water Fund and federal funding from Congress to assist with the cost of the project. The total cost for the program is expected to be in excess of \$1,600,000,000 and a future authorization from the voters will be required. The MDC has adopted a special sewer service charge for customers who utilize the District's sewer system and are furnished water directly by the MDC. The bonds issued or which may be issued and other loans, including State of Connecticut Clean Water Fund loans, to finance all costs associated with the Clean Water Project. Bonds and other loans used to finance the Clean Water Project that are supported by the special sewer service charge will not be included in the calculation of overlapping debt since they are not supported by the ad valorem taxes of the City.

Metropolitan District Statement of Overlapping Debt Pro Forma as of April 15, 2010

Net Overlapping Debt for All Member Towns.....	202,059,497
Hartford's Percent of Overlapping Debt.....	27.82%
Hartford's Share of Overlapping Debt.....	\$56,212,952

Source: Metropolitan District Commission

The City and the MDC are also joint participants in a \$9,600,000 combined sewer overflow ("CSO") project related to the discharge of storm water from the City's Tower Brook conduit into the MDC's sewer. The project has been financed by 2% loans and grants under the State of Connecticut's Clean Water Fund program. The City appropriated \$4,800,000 and authorized bonds in the amount of \$2,500,000 for its share of the project. The City issued a Permanent Loan Obligation (PLO) under the State's Clean Water Fund program in the amount of \$1,921,858.99, of that amount \$1,685,066.53 is currently outstanding.

Special Revenue Obligations

\$38,345,000 Multi-Family Housing Revenue Refunding Bonds (Underwood Towers Project) Series 1990. Tax-exempt bonds were issued to refund outstanding 1984 Series Multi-Family Housing Mortgage Revenue Bonds in the amount of \$39,961,946. The proceeds of the 1984 Bonds were used to finance two 26-story residential towers containing 451 mostly market-rate rental units. The bonds are secured by a private

insurance policy issued by Financial Security Assurance, Inc. ("FSA") and mortgage insurance through FHA. The refunding bonds were dated June 29, 1990 with a final maturity of June 1, 2020.

The above referenced bonds are special limited obligations of the City, acting by and through the Redevelopment Agency of the City of Hartford (the "City") and are payable solely from the revenues and assets pledged therefore pursuant to the Indenture of Trust for such bonds (the "Indenture"). Neither the United States, the State of Connecticut, the City nor any other political subdivision has any liability for the payment of principal of and interest on the bonds or the performance of any pledge, obligation or agreement of any kind whatsoever of the City and none of the bonds nor any of the City's agreements or obligations shall be construed to constitute an indebtedness of the United States of America, or any department or agency thereof, the State of Connecticut, the City of Hartford, or any other political subdivision or body corporate and politic of the State of Connecticut within the meaning of any constitutional or statutory provision.

Lease Obligations

In addition to bonded debt, the City has entered into various leases and lease/purchase agreements for office space, equipment, and rolling stock to support its operations.

The City entered into a 15-year lease on July 1, 2002 for the rental of office space from the Connecticut Constitution Associates, LLC for various City departments and agencies. Future minimum lease payments are projected at \$1,000,000 per year for Fiscal Years ending 2008 through 2013. At the beginning of year eleven, the base rent will be increased by an amount equal to the product of the base rent times 100% of the percentage increase, if any, of the CPI over the CPI at the commencement date or the first day of the eleventh lease year, as the case may be.

The City has entered into a lease for a building at 875 Asylum Avenue for use as a Board of Education administration building and as additional classroom space for West Middle School. The initial lease term is seven years terminating on June 30, 2012, with an option to renew for five years. The basic rent for the first four years is \$234,480 and for the remainder of the initial term is \$293,000. The City entered into a 20-year lease agreement commencing September 1, 2007 for the rental of rooftop space and equipment shed to operate four rooftop antennas at 777 Main Street. The first year rent is \$14,400 payable to Grunberg 777 Main LLC. After the first year, the rent shall increase \$42.00 per month during each subsequent year. In addition, the City will reimburse the lessor actual sub meter electrical fees.

SECTION V - FINANCIAL SECTION

Significant City Accounting Policies

The financial statements of the City have been prepared in conformity with the accounting principles generally accepted in the United States of America ("GAAP") as applied to government units.

The City's audited financial statements for June 30, 2006 included statements established under the new Government Accounting Standards Board ("GASB") No. 34 policy. The reported Internal Service Funds of the City include self-insured funds for employee benefits, workers' compensation, and liability and property damage. Pension Trust Funds account for the Municipal Employees' Retirement System. The Hartford Parking Authority and Hartford Economic Development Commission are considered discretely presented component units and as such have been included in the City's reporting as government fund types in accordance with GAAP.

The City finances are organized on a fund accounting basis with separate funds established for general operating expenses, capital improvement projects, debt service, special revenues, various trusts, enterprise operations, and general fixed assets. The accounting records of the government-wide financial statements, as well as the enterprise funds, internal service funds and pension trust funds are maintained on an accrual basis, which records revenues when earned and expenses when incurred. The accounting records of the general fund, special revenue funds, and the debt service fund are maintained on a modified accrual basis which records revenues in cash and those revenues that are susceptible to accrual which are measurable and available but not received at the normal time of deposit. Budgetary expenditures consist of the disbursements and encumbrances.

The financial statements and tables found in the City's Comprehensive Annual Financial Report conform to the high standards promulgated by GASB. The City has been awarded a Certificate of Excellence in Financial Reporting by the Government Finance Officers' Association virtually each year since 1954 and was again recently recognized for the Fiscal Year ended June 30, 2008.

For additional information on accounting policies, financial statements, and tables refer to the 2008-2009 Financial Statements, "Notes to Financial Statements," incorporated in this Official Statement and the independent auditor's report.

Budget Adoption

The City adopts an annual budget for the operation of the General Fund. Under the Charter, the Mayor prepares and submits the recommended annual budget to the Common Council for approval.

Consistent with a decision made in 2005-06, the City's 2009-2010 budget combines elements from several budget approaches that have evolved in both the private and public sectors. All of these approaches (Zero Based, Program Based, Output Based, Performance Based, Priorities Based) not only share common elements but also build on one another. The combined elements that have been included in the Hartford budget model include:

- The Mayor identifies goals, strategies and outcomes.
- Departments identify programs and activities to carry out the goals and strategies.
- Costs are identified by programs.
- Departments develop activity descriptions that tell what an activity does, for whom and why it is valuable.
- Departments prepare budget proposals that indicate the proposed cost and expected result for each program.
- Departments prioritize spending to focus on services that matter the most or are legally mandated.
- The Mayor evaluates all departments and activities.
- The Mayor's recommended budget is the result of the acceptance and approval of activities.

The Common Council may insert new items of expenditures or may increase, decrease, or strike out items of expenditures, except that no appropriation for debt service and the recommended actuarial contribution to

the Pension Fund shall be reduced. The Common Council shall not increase the Mayor's estimates of receipts. It may, however, decrease the amount of the tax levy for the ensuing fiscal year as proposed by the Mayor in proportion to such decrease in the total of expenditures proposed by the Mayor as it may have determined. If it shall increase the total proposed expenditures, such increase shall be reflected in full in the tax rate. At least one month before the end of the current fiscal year, the Common Council shall adopt the budget, the appropriation ordinance, and the tax levy ordinance.

Investment Practices

In accordance with the Connecticut General Statutes, the Common Council designates the qualified public depositories and financial service providers that the City Treasurer may use for General Fund public deposits and investments. Eligible investments for Connecticut municipalities are governed by the Connecticut General Statutes, Section 7-400. The City Treasurer invests the City's operating and working capital funds accordingly.

In addition, the City Treasurer monitors the risk-based capital ratios and collateral requirements of the qualified public depositories, as defined by the Connecticut General Statutes, Section 36-382, in which it places deposits or makes investments. See Appendix A – "Auditors' Section, Notes to Financial Statements" herein regarding the City's cash and cash equivalents and investments.

The operating and working capital funds are invested at the direction of the City Treasurer in bank certificates of deposit, bank money-market funds, the State of Connecticut's Short-term Investment Fund ("STIF"), and, from time to time, negotiated repurchase agreements with various providers. These investment vehicles consist of U.S. Treasuries, obligations of government agencies and repurchase agreements collateralized by U.S. Treasuries and agency obligations. STIF was authorized in 1978 (P.A. 78-236) for investment by the State Treasurer of various state funds. Section 3-27a of the Connecticut General Statutes spells out the various governmental entities eligible to participate in STIF. Section 3-27d details eligible investments that may be acquired with funds on deposit with STIF. Section 3-27f authorizes all agencies, instrumentalities, and political subdivisions in the State of Connecticut to invest in STIF.

In addition to the Connecticut General Statutes governing eligible investments, the City has its own investment policy. This document sets forth the "prudent person" standard of care; defines investment objectives as safety of principal, liquidity, and return on investment; imposes certain diversification guidelines; and applies the City's Code of Ethics to investment activities.

Under the authority of Chapter XII, Section 1 of the Charter, the pension funds for City employees are invested as recommended by the independently elected City Treasurer, who serves ex-officio as Secretary of the Pension Commission. Investments for the Municipal Employees' Retirement Fund ("MERF") are made in accordance with the MERF's Funding and Investment Policy Statement, which addresses investment objectives, asset allocation, and investment guidelines, among other things. In a market cycle, the MERF's overall rate of return is expected to be equal to or exceed the rate assumed by sound actuarial principles and to exceed inflation by at least 350 basis points. The MERF's investment managers' performance records are monitored in comparison to market-based benchmarks on an ongoing basis, and independent reviews of the MERF's asset allocation and its experience study are undertaken at least every three to five years, with a complete actuarial valuation of the plan performed annually. Under the Funding and Investment Policy Statement, the asset allocation is 50% equities, including 19% to 31% international equities, 50% fixed income, including an allocation to global fixed income and emerging market debt of 9.5% to 12.5% and 4% to 10% alternative investments including real estate. The general guidelines notably include the MERF's expectation that the investment managers' philosophy and style will remain consistent and specify that buying on margin, short sales, and the purchase or sales of derivatives are prohibited. Guidelines are also defined for the various asset classes.

Statement of General Fund Revenues and Expenditures
(In Thousands)

The General Fund revenues, expenditures, and changes in fund balance for the Fiscal Years ended June 30, 2006 through 2009 have been derived from audited financial statements and are presented on a GAAP basis. The City's audited financial statements for the Fiscal Year ended June 30, 2009 are attached hereto as Appendix A. The City has not asked for, nor has it received, permission from its auditors, Blum Shapiro, to include such audited financial statements in this Official Statement. The adopted budget for Fiscal Year ending 2010 is provided by the City and is presented on a budgetary basis. The City's independent accountants have not examined, reviewed or compiled any of the estimates presented below or expressed any conclusion or provided any other form of assurance with respect to such estimates, and accordingly, assume no responsibility for them. The financial information presented herein is the responsibility of the City's management.

	<u>Adopted Budget 2009-10</u>	<u>Actual 2008-09</u>	<u>Actual 2007-08</u>	<u>Actual 2006-07</u>	<u>Actual 2005-06</u>
Revenues					
General property tax	\$263,017	\$250,668	\$232,955	\$231,638	\$208,241
Licenses, permits and other charges	8,052	8,155	9,850	8,594	10,058
Use of money and property ..	4,288	4,196	6,008	3,510	4,085
Intergovernmental revenue ..	247,270 ¹	270,021 ¹	341,042	250,108	242,112
Charges for services	3,182	1,961	2,194	2,599	2,628
Reimbursements	3,556	0	0	0	2,661
Other revenues	<u>1,961</u>	<u>5,957</u>	<u>6,917</u>	<u>8,479</u>	<u>6,276</u>
Total revenues	\$531,326¹	\$540,958	\$598,966	\$504,928	\$476,061
Expenditures					
General government	\$20,031	\$ 20,929	\$ 21,890	\$ 17,699	\$ 15,517
Public safety	71,061	72,998	74,402	71,506	67,575
Infrastructure & leisure	12,595	13,629	11,825	14,158	13,873
Development and community affairs	4,345	2,241	2,541	2,194	1,917
Human services	7,275	7,565	7,303	7,740	7,529
Library ²	7,915	0	0	0	6,374
Education	284,554 ¹	305,432 ¹	374,467	279,086	270,874
Benefits and insurance	59,592	57,985	57,012	54,754	47,348 ³
Sundry	<u>30,423</u>	<u>28,955</u>	<u>28,122</u>	<u>28,755</u>	<u>20,335</u>
Total expenditures	\$497,791¹	\$509,734¹	\$577,562	\$475,892	\$451,342
Excess of revenues over expenditures	33,535	31,224	21,404	29,036	\$24,719
Other financing sources (uses)					
Other financing sources	4,442	8,035	14,715	9,952	7,039
Other financing uses	(37,977)	(50,846)	(42,686)	(37,736)	(31,462)
Excess (deficiency) of revenues and other resources over (under) expenditures	0	(11,587)	(6,567)	1,252	2,296 ⁵
Fund balance, July 1	<u>---</u>	<u>27,900</u>	<u>34,467</u>	<u>33,215</u>	<u>30,919</u>
Fund balance, June 30 ⁶	<u>\$--</u>	<u>\$16,313</u>	<u>\$27,900</u>	<u>\$34,467</u>	<u>\$33,215</u>

¹These amounts do not reflect State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System.

²Library expenses were reclassified in budgetary presentations in Fiscal Years 2004-05 and 2005-06.

³Employee benefits and insurance for education and library were moved to those respective departments.

⁴Transfer from Hartford Parking Authority resulting from defeasance of revenue bond indenture.

⁵Includes \$2,000,000 in bond premium.

⁶The City has implemented a formal fund balance policy which would maintain general fund balance of at least 7.5% of budgetary revenues. The City is aware that it is not meeting its fund balance policy and is evaluating steps to remediate the situation.

Note: Amounts may not total due to rounding.

General Fund – Comparative Balance Sheet
Last Five Fiscal Years Ended June 30
(In Thousands)

	<u>6/30/09</u>	<u>6/30/08</u>	<u>6/30/07</u>	<u>6/30/06</u>	<u>6/30/05</u>
Assets					
Cash and cash equivalents	\$59,375	\$42,571	\$63,440	\$ 61,199	\$ 70,521
Due from other funds	1,965	19,210	7,810	6,114	11,918
Uncollected property taxes	19,512	15,916	18,629	18,738	19,878
Uncollected interest on taxes	7,201	4,781	5,523	7,332	1,648
Uncollected assessments	0	0	0	0	64
Due from component units	0	0	0	0	0
School building grants					
receivable	16,197	18,515	21,367	24,967	28,419
Due from individuals and					
miscellaneous	<u>2,687</u>	<u>6,507</u>	<u>9,366</u>	<u>4,057</u>	<u>2,358</u>
Total assets	\$106,937	\$107,500	\$126,135	\$122,407	\$134,806
Liabilities and fund balance					
Accounts payable and					
accrued liabilities	\$45,032	\$36,614	35,146	\$ 29,087	\$ 46,675
Due to other funds	412	1,827	8,501	6,369	4,441
Due to component units	0	0	0	0	0
Deferred revenue	<u>45,180</u>	<u>41,159</u>	<u>48,021</u>	<u>53,736</u>	<u>52,771</u>
Total liabilities	\$90,624	\$79,600	\$91,668	\$ 89,192	\$103,887
Fund balance:					
Reserve for encumbrances ..	95	0	0	\$ 246	\$ 143
Unreserved ¹	<u>\$16,218</u>	<u>\$27,900</u>	<u>\$34,467</u>	<u>32,969</u>	<u>30,776</u>
Total fund balance	<u>\$16,313</u>	<u>\$27,900</u>	<u>\$34,467</u>	<u>\$ 33,215</u>	<u>\$ 30,919</u>
Total liabilities and fund					
balance	\$106,937	\$107,500	\$126,135	\$122,407	\$134,806
Analysis of					
General Fund equity					
Budgetary revenues ²	\$522,237	\$500,460	\$490,255	\$464,932	\$450,089
Fund balance as percent					
of operating revenues	3.1%	5.6%	7.0%	7.1%	6.9%
Unreserved fund balance					
as percent of operating					
revenue	3.1%	5.6%	7.0%	7.1%	6.8%

¹At the time of passage of the 2003–04 budget, the amount of \$700,000 was designated to balance the General Fund budget for the 2004–05 Fiscal Year. These funds were not used because of the refinancing of the Hartford Parking Authority bonds and the release of debt service reserve funds.

²Budgetary revenues exclude other financing sources (RSI-1).

Note: Amounts may not total due to rounding.

Summary of City Operations and Recent Financial Initiatives

The City of Hartford ended Fiscal Year 2009 with a General Fund budget shortfall of \$11.6 million. Fund balance in Fiscal Year 2009 declined to \$16.3 million, or 3.1% of operating revenues from 5.6% in the prior year. The Fiscal Year 2009 General Fund deficit was driven by a \$17.3 million revenue shortfall that was only partially offset by expenditure savings totaling \$5.6 million versus the revised budget.

Currently, the City projects a balanced budget for Fiscal Year 2010 with revenues expected to equal expenditures, based on the success of a variety of initiatives. The City identified specific revenue generating initiatives. Accordingly, the General Fund balance is expected to amount to approximately \$16 million on June 30, 2010.

The City has financial resources available in the Capital, Miscellaneous Grant and Private Purpose Trust funds that can be utilized to offset general fund expenditures as budgeted and as legally permitted.

Tax Assessment

The maintenance of a tax assessment list and the location and valuation of all real and personal property within the City for inclusion on the Grand List are the responsibilities of the Assessor's Office. The Grand List represents the total of assessed values for all taxable real and personal property located within the City on each October 1.

Public Act No. 04-2 of the May 2004 Special Session of the Connecticut General Assembly ("PA 04-2") modified the required cycle of revaluation and lengthened the cycle from four to five years. Generally, the law requires a revaluation every five years and a general revaluation based on physical observation where the preceding revaluation in the five year cycle was a statistical revaluation. A statistical revaluation required for the assessment year commencing October 1, 2003 was caused to be delayed by PA 04-2, effectively scheduling the City's last and subsequent revaluations for October 1, 2006 and October 1, 2011. A local legislative body is permitted to enact a one to five year phase-in of increased real property values resulting from the revaluation. Assessments for real estate are computed at 70% of the estimated market value at the time of the last revaluation, while assessments for motor vehicles and personal property are computed at 70% of the current fair market value. Each year a Board of Assessment Appeals determines whether taxpayer petitions for assessment reductions on the current grand list are warranted.

When a new structure, or modification to or demolition of an existing structure, is undertaken, the Assessor's Office receives a copy of the appropriate permit. A physical appraisal is then completed and the structure classified and priced from a schedule developed as of the last revaluation. Property depreciation and obsolescence factors are also considered when arriving at an equitable value.

Public Act No. 06-183 of the Regular Session of the Connecticut General Assembly ("PA 06-183") repeals Connecticut General Statutes Section 12-62d effective as of October 1, 2010. Section 12-62d allows a municipality to provide property tax relief to owners of single-family residences and multiple-dwelling residential properties containing not more than three units. Such property tax relief is funded by a tax surcharge on other properties. As of this date, the City is the only municipality to have used Section 12-62d.

PA 06-183 allows any municipality that has used Section 12-62d to adopt a new property tax system that separates real property into classes based on how it is used and limits the maximum annual property tax increase to 3.5% per year for residential and apartment properties. This tax program may only be implemented if as a result of revaluation for October 1, 2006, the increase in the total share of the Grand Levy for residential and apartment property is 20% or greater. As per the City Assessor, that was determined to be the case for the City's 2006 revaluation. Concurrent to implementing the increased residential and apartment property tax, PA 06-183 requires a proportionate phase out of the property tax surcharge imposed under Section 12-62d on business, industrial, vacant land and personal property taxes. Accordingly, the City experienced a shift in the tax burden from commercial/industrial property, personal property and motor vehicles to residential property as a result of revaluation.

The State of Connecticut furnishes motor vehicle lists to the City and appraisals of motor vehicles are accomplished by computer in accordance with an automobile price schedule endorsed by the Connecticut Association of Assessing Officials. Section 12-71b of the Connecticut General Statutes provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but before the next August 1 are subject to a property tax as if the motor vehicle had been included on the October Grand List. The tax is prorated and the proration is based on the number of months of ownership between October 1 and the following July 31. Cars purchased in August and September are not assessed

until the next October 1 Grand List. If the motor vehicle replaces a motor vehicle that was assessed on the October Grand List, the taxpayer is entitled to certain offsetting credits. Personal property valuation is completed every year and maintained in the Assessor's Office. In 2008 the City retained a private firm that is currently performing personal property tax declaration audits. Much new revenue was realized from this effort in 2003 and new revenue is also expected from this effort.

Section 12-124 of the Connecticut General Statutes authorizes the City and its Committee on the Abatement of Taxes to abate real and personal property taxes for those who are "poor and unable to pay." The Committee, which is composed of the Corporation Counsel, the City Treasurer, and the Director of Finance, may also abate taxes on certain low and moderate-income properties and the homes of certain elderly persons pursuant to statute or contractual agreements with the State of Connecticut.

From time to time, the Common Council has approved a variety of tax assessment agreements in connection with the construction or development of improvements to certain properties within the City. Authority for such action is granted by the Connecticut General Statutes.

On June 8, 2007, the Common Council of the City adopted two resolutions, the intent of which is to provide property tax relief to residents and taxpayers of the City by phasing in over five years the increase in real property taxes resulting from the 2006 revaluation of all real property in the City. In addition, any increase on residential and apartment properties would be capped at 3.5% under the provisions of Section 12-62(n) of the Connecticut General Statutes.

Levy and Payment

Property taxes are levied by the Common Council each May on all assessed property on the Grand List of the prior October 1. The percent of budgeted tax collections may not be more than the average rate of collection for the prior three years. Generally, taxes under \$100.00 are due in one installment on July 1; real estate and personal property taxes of \$100.00 to \$100,000 are due in two installments, on July 1 and January 1; and taxes over \$100,000 are due in two installments on July 1 and January 1. Motor vehicle taxes in excess of \$100.00 are payable in two installments on July 1 and January 1. A margin against delinquencies, legal reductions, and Grand List adjustment, such as Assessor errors, is provided by adjusting collections downward when computing anticipated property tax revenue from the current tax levy. An estimate for delinquent taxes and outstanding interest and lien fees anticipated to be collected during the fiscal year is normally included as a revenue item in the budget. Delinquent taxes are billed at least four times a year, with interest charged at the rate of one and one-half percent (1½%) per month with a minimum charge of \$2.00. In accordance with State law, interest and the oldest outstanding tax is collected first. Outstanding real estate tax accounts are automatically lienied each year prior to May 31 with legal demands and alias tax warrants used in collection of personal property and motor vehicle tax bills. Delinquent motor vehicle and personal property accounts are transferred to suspense 15 years after the due date in accordance with State statutes. Some suspense accounts are turned over to a private collection agency for additional efforts at collection.

Pursuant to Section 12-62d of the Connecticut General Statutes, any municipality in the State is authorized to provide tax relief to residential property owners in a year of general property revaluation in the municipality, provided the effective tax rate for residential property, in accordance with the provisions of such section, is 1½% or more of the market value of residential property in such municipality. Residential property, for purposes of this program, is defined as "any single parcel of residential property used exclusively for residential purposes, including a single family residence and a multiple dwelling structure containing not more than three units, used by the occupants as a place of permanent residence." In order to fund such relief, the legislative body of the municipality is authorized to impose a property tax surcharge on all real and personal property subject to property tax and classified as commercial, industrial or public utility, or any combination thereof. Motor vehicles and certain multiple dwelling structures which are more than 50% residential in use and which contain more than three units are generally exempt from the surcharge. The Common Council has approved a measure to provide residential property tax relief under Section 12-62d and has approved a surcharge of up to 15%. The amount of the property tax surcharge which becomes payable in the year in which revaluation becomes effective must remain unchanged for four years. The surcharge is

capped at 15% and has ranged from 11.5% to 15% since 1991. This methodology was changed for the City's recent revaluation by the Connecticut General Assembly. (See "Tax Assessment" herein.)

Property Tax Levies and Collections
(In Thousands)

<u>Year Ended June 30</u>	<u>Current Adjusted Levy</u>	<u>Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections All Lists</u>	<u>Total Tax Collections</u>	<u>Total Collections As Percent of Current Adjusted Levy</u>	<u>Outstanding Delinquent Taxes All Lists</u>	<u>Outstanding Delinquent Tax as Percent of Current Adjusted Levy</u>
2009.....	\$240,006	\$231,830	94.6	\$4,715	\$236,545	98.6	\$21,513	8.96
2008	221,445	213,260	96.3	5,817	219,078	98.9	18,658	8.43
2007	229,963	216,075	94.1	8,381	225,944	98.0	26,444	11.5
2006.....	209,283	199,317	95.2	10,748	210,065	100.3	26,070	12.4
2005.....	194,592	185,277	95.2	7,524	192,801	99.1	19,876	10.2
2004	185,277	175,153	94.5	5,643	180,796	97.6	19,894	10.7

Analysis of Property Tax Collections
(In Thousands)

<u>Grand List of 10/1</u>	<u>Year Ended June 30</u>	<u>Taxable Grand List¹</u>	<u>Tax Rates²</u>	<u>Original Tax Levy</u>	<u>Adjusted To Date As of 6/30/09</u>	<u>Taxes Collected As of 6/30/09</u>	<u>Taxes Uncollected As of 6/30/09</u>	<u>During Year of Levy</u>
2007	2009	\$3,465,777	68.34	\$244,858*	\$240,006	\$231,830	\$8,176	94.6
2006	2008	3,704,353	63.39	233,705	221,445	213,260	8,185	96.3
2005	2007	3,596,490	64.82	233,373	229,963	225,944	4,019	98.0
2004	2006	3,510,147	60.82	210,146	209,283	199,316	10,830	95.5
2003	2005	3,545,600	56.32	196,887	185,277	175,153	10,124	94.5
2002	2004	3,604,725	52.92	190,227	169,117	164,573	4,544	93.3

¹After Board of Assessment Appeals.

²Per \$1,000 assessed valuation

* net of \$10,119 in real estate lien sales

Comparative Assessed Valuations by Category

	<u>10/1/08¹</u>	<u>10/1/07¹</u>	<u>10/1/06</u>	<u>10/1/05</u>	<u>10/1/04</u>
Residential	\$1,033,112,143	\$1,046,164,590	\$ 1,018,609,590	\$ 904,797,318	\$ 909,440,236
Commercial/Industrial	1,520,428,235	1,462,764,219	1,670,261,213	1700,850,015	1,648,040,744
Motor Vehicles	323,398,594	332,651,124	328,200,150	311,949,727	295,312,666
Personal Property	<u>640,838,150</u>	<u>667,388,000</u>	<u>687,282,110</u>	<u>678,893,280</u>	<u>657,353,590</u>
Total Net Taxable					
Grand List	\$3,517,777,123	\$3,508,967,933	\$3,704,353,063	\$3,596,490,340	\$3,510,147,236
Percentage Increase (Decrease) over Prior Year	0.25%	(5.27%)	3.78%	2.46%	(1.00%)

¹After Board of Assessment Appeals.

Statement of Grand Lists, Tax-exempt Property, Veterans, Elderly and Blind Exemptions

	<u>10/1/08¹</u>	<u>10/1/07</u>	<u>10/1/06</u>	<u>10/1/05</u>	<u>10/1/04</u>
Gross Grand List					
Land and Buildings	\$ 10,632,660,076	\$ 11,424,953,058	\$ 9,864,125,452	\$4,696,899,015	\$4,485,120,359
Personal Property	952,744,243	982,492,000	981,831,586	695,752,220	674,940,850
Motor Vehicles	<u>398,340,431</u>	<u>403,080,411</u>	<u>392,508,850</u>	<u>265,069,985</u>	<u>248,654,020</u>
Total Gross Grand List	\$11,983,744,750	\$12,810,525,469	\$11,238,465,888	\$5,657,721,220	\$5,408,715,229
Deduct					
Tax-exempt Real Property	<u>4,271,221,430</u>	<u>3,826,275,100</u>	<u>3,471,508,594</u>	<u>2,082,495,072</u>	<u>1,952,351,156</u>
Total Grand List	\$7,712,523,320	\$ 8,984,250,369	\$ 7,766,957,294	\$3,575,226,148	\$3,456,364,073
Veterans, Elderly, Blind, and Distressed Municipalities Exemptions					
Land and Buildings	\$ 9,363,260	\$ 7,212,609	\$ 8,635,519	\$ 8,756,610	\$ 8,537,170
Personal Property	26,082,820	20,356,400	15,174,200	16,858,940	17,587,260
Motor Vehicles	<u>7,439,708</u>	<u>7,034,677</u>	<u>5,920,901</u>	<u>6,073,820</u>	<u>5,506,380</u>
Total Veterans, Elderly, Blind, and Distressed Municipalities Exemptions	\$42,885,788	\$34,603,686	\$29,730,620	\$31,689,370	\$31,630,810
Taxable Grand List					
Land and Buildings	\$2,553,540,379	\$2,508,928,809	\$2,688,870,803	\$2,605,647,333	\$2,557,480,980
Personal Property	640,838,150	667,388,000	687,282,110	678,893,280	657,353,590
Motor Vehicles	<u>271,398,594</u>	<u>275,121,632</u>	<u>274,756,193</u>	<u>258,996,165</u>	<u>243,147,640</u>
Subtotal	\$3,465,777,123	\$3,451,438,441	\$3,650,909,106	\$3,543,536,778	\$3,457,982,210
Supplemental Motor Vehicle List					
Actual ²	<u>52,000,000</u>	<u>57,529,492</u>	<u>53,443,957</u>	<u>52,953,562</u>	<u>52,165,026</u>
Total Net Taxable Grand List	\$3,517,777,123	\$3,508,967,933	\$3,704,353,063	\$3,596,490,340	\$3,510,147,236
Increase (Decrease) over Prior Year	\$8,809,190	\$(195,385,130)	\$107,862,723	\$86,343,104	\$(35,452,762)
Percentage Increase (Decrease) over Prior Year	0.25%	(5.27%)	3.00%	2.46%	(1.00%)

¹After Board of Assessment Appeals.

²2008 Supplemental is Estimated

Principal Taxpayers

<u>Name</u>	<u>Nature of Business</u>	<u>10/1/09 Taxable Valuation</u>	<u>Percent of Net Taxable Grand List</u>
Hartford Fire Insurance & Twin City Ins.	Insurance	\$124,491,630	3.45
Travelers Indemnity Co. Affiliate	Insurance	119,949,620	3.33
Connecticut Light & Power	Utility	113,251,372	3.14
Northland Properties	Office complex	109,898,230	3.05
Aetna Life Insurance Co. & Annuity	Insurance	104,406,600	2.90
Mac-State Square LLC.....	Office complex	60,624,340	1.68
CityPlace I LTD Partnership	Office complex	58,119,810	1.61
Talcott II Gold, LLC	Office complex	53,674,380	1.49
Bank of Boston, CT	Office complex	47,663,980	1.32
FGA Trumbull, LLC		<u>40,783,960</u>	<u>1.13</u>
TOTAL		\$832,863,922	23.11%

Source: City of Hartford Assessor's Office.

Capital Budget

Under the Charter, the Planning and Zoning Commission shall prepare and revise annually a program of public improvements for the ensuing ten fiscal years and shall submit annually to the Mayor its recommendation of such projects to be undertaken in the ensuing fiscal year and the full ten-year period. The Mayor shall recommend to the Common Council those projects to be undertaken during the ensuing fiscal year and the method of financing the same.

The Capital Budget is used to finance only those large non-recurring permanent public improvements for which the issuance of bonds is authorized by statute and the Charter. Capital projects include projects in excess of \$200,000 and do not include operating costs, replacement equipment, or maintenance work.

The City of Hartford's Capital Improvement Program ("CIP") is designed to implement many of the long-range objectives of *Hartford's Plan of Development* (the "Plan"), adopted by the Commission on the City Plan in 1996, and the Mayor's policy objectives. The Plan has four primary objectives: development of safe, decent, affordable and accessible housing; development of an efficient, mobile, convenient and safe transportation system; renovation of public facilities including school and municipal buildings, street reconstruction and repair, City parks, and infrastructure improvements; and employment of City residents. The Plan will be updated in 2010 under the "One City, One Plan" mayoral initiative.

The CIP for adopted 2008/2009 to 2017/2018 strives to balance and distribute limited resources to meet the City's most critical needs over the next ten years. The primary emphasis is to preserve the existing infrastructure. While the City of Hartford looks cautiously forward to new and creative development efforts to stimulate the City's economy and tax base, it is important to maintain fiscal conservatism. This poses a challenge to City leaders who must seek to preserve and improve the existing physical plant so that operating departments may effectively deliver services. The adopted 2008/2009 to 2017/2018 CIP was developed in consideration of the following factors - infrastructure preservation, maintaining and improving the City's park system, and prudent financial planning.

The adopted 2008/2009 to 2017/2018 CIP of \$758,046,1000 includes a first-year City budget totaling \$193,210,000. The total cost of projects includes \$113,300,000 for education facilities and \$79,910,000 for general government projects. The City expects school construction grants of approximately 90% or \$101,970,000 and expects to issue bonds of approximately \$11,300,000 to fund its portion.

Retirement Plans and Post Retirement Benefits

Pension Administration

There are four defined benefit pension plans for employees of the City of Hartford. Two are single-employer plans, one is a cost-sharing multiple-employer plan with the State of Connecticut and one is a plan with the State of Connecticut for certified teachers at the Board of Education in which the City is a noncontributing employer. The City also administers an excess-benefit plan established to fund that portion of certain retirees' pension benefits that exceed the limits permitted under Section 415(m) of the federal Internal Revenue Code.

The City Treasurer's Office administers the two single-employer plans. The City pays retirement and single benefit survivor benefits to pensioners under three old unfunded programs on a "pay-as-you-go" basis. For financial reporting purposes, these programs are reflected as one plan. These programs cover City employees hired before the current City Municipal Employees Retirement Fund ("MERF") went into effect on May 1, 1947; there were 261 pensioners and surviving annuitants under these old plans as of July 1, 2008. There are no remaining active members and the unfunded liability is decreasing rapidly.

The City provides retirement benefits for employees hired after 1947 through the City MERF, a contributory defined-benefit plan. Under the Plan, all full-time employees, including police, firefighters and emergency services, but not teachers and members of certain union groups who have elected to join the State Municipal Employees' Retirement Fund ("State MERF-B"), are eligible. The City MERF is considered to be part of the City of Hartford's financial reporting entity and is included in the City's financial reports as a pension trust fund. The Plan is required by City Charter to be actuarially sound, based on employee contributions and mandatory annual contributions from the City as employer as determined by the Pension Commission on an actuarial basis. As of July 1, 2008, City MERF membership consisted of 2,664 pensioners, 2,671 active employees, and 136 vested terminated employees.

In recent years, the City's schedule of funding progress for the Municipal Employees' Retirement Fund has been as follows:

Actuarial Valuation Date	Actuarial Value of Assets¹	Actuarial Accrued Liability (AAL)²	Unfunded AAL (UAAL)	<u>Funded</u> <u>Ratio</u>¹	<u>Covered</u> <u>Payroll</u>	UAAL as a Percent of Covered Payroll
7/1/08	1,123,379,000	1,099,441,000	(23,938,000)	102.2%	139,243,328	(17.2)%
7/1/07	1,092,128,000 ³	1,090,715,000	(1,413,000)	100.1%	133,280,000	(-1.1)%
7/1/06	1,021,491,000 ³	1,002,848,000	(18,643,000)	101.9%	124,837,000	(14.9)%
7/1/05	986,405,000	970,286,000	(16,199,000)	101.7%	117,261,000	(13.7)%
7/1/04	963,044,000	967,393,000	4,349,000	99.6%	107,808,000	4.0%
7/1/03	965,389,000	922,258,000	(43,131,000)	104.7%	110,339,000	(39.1)%

¹Excludes receivable from CMERS (applicable for 7/1/2002-7/1/2005 only; no longer applicable 7/1/2006+).

²Liability shown determined using the projected unit credit cost method 7/1/2002-7/1/2006 and the entry age normal cost method as of 7/1/2007.

³Excludes estimated City receivables of \$5,463,745 as of July 1, 2007 and \$7,022,224 as of July 1, 2006. As of the date of the Official Statement, the City has paid these receivables to the City MERF and such payment was reflected in the Fiscal Year 2008 valuation.

Source: Annual Valuation Report, Hooker & Holcombe, Inc., June 30, 2009.

For the current fiscal year (2009-2010), the City's contribution rates against eligible payroll are: Police 3.35%; Fire (4.88)%; Board of Education 10.64%; Municipal Services 22.00% and Library 16.08%. Based on payroll estimates for the fiscal year, contributions from the City as employer are estimated at \$11,587,786 for the fiscal year ending June 30, 2010.

The City also provides post retirement health care benefits and life insurance benefits. For additional information, refer to the "Notes to Financial Statements," Notes 14 and 15, contained in Appendix A – "Auditors' Section" herein.

Summaries of Plan Revenues and Expenses

On the following pages are shown the “Comparative Summaries of Revenues by Source” and “Expenses by Type” of the City of Hartford Municipal Employees’ Retirement Fund. It is important to note that the City’s General Fund completely funds the three old plans, while the MERF is supported by a combination of employer and employee contributions and dividend and interest income.

Municipal Employees’ Retirement Trust Funds Comparative Summary of Revenues by Source and Expenses by Type for Fiscal Years Ended June 30

Revenues by Source

<u>Fiscal Year</u>	<u>Member Contributions</u>	<u>Employer Contributions</u>	<u>Investment Income</u>	<u>Miscellaneous</u>	<u>Total</u>
2009	\$ 8,328,000	\$15,539,000	\$(151,988,000)	\$0	\$(128,121,000)
2008	9,768,656	20,329,457	(16,659,754)	504,290	13,942,649
2007	9,810,026	18,074,141	155,052,237	1,317,340	184,253,744
2006	10,095,944	13,873,795	85,501,760	14,706	109,486,205

Expenses by Type

<u>Fiscal Year</u>	<u>Benefits</u>	<u>Administration</u>	<u>Other</u>	<u>Total</u>
2009	\$82,724,000	\$2,231,000	\$636,000	\$85,591,000
2008	81,364,885	2,733,604	756,064	84,854,553
2007	75,639,617	2,029,097	755,589	78,424,303
2006	75,085,545	2,101,542	767,836	77,954,923
2005	71,361,190	1,989,884	754,228	74,105,302

Source: City of Hartford Comprehensive Annual Financial Reports: FY 2009, FY 2008, FY 2007, FY 2006, FY 2005.

Other Post-Employment Benefits

Aon Associates, actuaries retained by the City’s Finance Department, which is responsible for managing the City’s health-care and other non-pension benefits programs, has provided the actuarial valuation as of July 1, 2008 which indicates an OPEB liability of \$319 million. The City will consider a variety of strategies to fund its OPEB liability including a five-year ramp up of the Annual OPEB Cost (“AOC”). For the fiscal year ending June 30, 2009, the City contributed \$15.4 million on the AOC of \$31.6 million. The percent AOC contributed was 51.8% and the net OPEB obligation was \$28.2 million as of June 30, 2009. The City has monitored these costs for approximately 10 years and has footnoted them in the Comprehensive Annual Financial Report (CAFR). The City has complied with all requirements for full disclosure.

The City’s Chief Operating Officer, Director of Management and Budget, Director of Finance, City Treasurer, Chief Fiscal Officer for the Board of Education, the Interim Human Resources Director for the Board of Education, the Director of Human Resources and the City’s newly established position of City Benefits Administrator have reestablished strategy sessions to fund our OPEB liability. This collaboration has recommended to the Mayor and City Council that the City fund an OPEB trust for long term investment gain, not unlike the City’s pension fund, as an investment pool as permitted by state law in the Connecticut General Statutes (Title 7, Chapter 112, Section 7-403a and Chapter 113, Part II, Section 7-450). An ordinance was passed by the City Council on April 18, 2008, authorizing the establishment of a OPEB Investment Trust Fund. As of March 22, 2010, the trust fund had not been created and funds had not been placed in such trust.

Risk Management

The City has established a risk management program to account for and finance its uninsured risks of loss for employee benefits (including comprehensive life, hospital and major medical benefits), workers' compensation, and liability and property damage. Under this program, primary coverage is provided by the City up to a maximum of \$250,000 in health insurance claims for each individual per claim year, \$1 million per occurrence for workers' compensation claims, \$500,000 per occurrence for auto and general liability claims, \$100,000 per occurrence for property damage claims, and \$150,000 per occurrence for public officials' claims. Each of these self insurance programs was established by Council Ordinance and are accounted for in an Internal Service Fund to account for and report on the City's total costs associated with insurance. The General Fund makes monthly payments to the Internal Service Fund based on amounts actuarially determined as necessary to meet all current and future claims and administrative expenses. In addition, the City Treasurer and Pension Commission are covered by fiduciary liability insurance.

The City's insured general liability limit for Fiscal Year 2008-09 is \$25 million. The City is currently insured for all legal liabilities in excess of a \$500,000 deductible and public officials' liability in excess of a \$250,000 deductible. All City property is insured for fire and extended coverage with a \$100,000 deductible. Certain settled claims have exceeded the self-insured retention amounts for any year, but no claims have exceeded the commercial coverage in any year. Workers' compensation salary continuation is initially paid from the employee's respective department budget and then is paid by insurance coverage.

The City provides comprehensive life and health coverage for its employees and retirees. The City operates its health care programs primarily through Anthem Blue Cross/Blue Shield of Connecticut, which provides stop-loss insurance, underwriting, administrative and claims processing services. A small percent of employees have opted to be covered by Health Net.

In recent years, the City has experienced an increase in health benefits and workers' compensation expenses due to spiraling medical costs as well as increases in the severity and frequency of claims. The Travelers has completed an actuarial valuation of the Internal Service Fund as of June 30, 2008. The valuation indicates liabilities for all claims, including current and noncurrent, of \$43.8 million, against current fund assets of \$7.0 million. This valuation is based on estimates of all future insured and uninsured claims in excess of current funding and assets. The City expects that its actual claims experience will result in less expenses than projected by the actuarial report.

The City caused \$96.4 million to flow to the Internal Service Fund from City, employee and retiree sources for the Fiscal Year ended June 30, 2009. The City expects to increase its contribution to the Internal Service Fund in the Fiscal Year ending June 30, 2010, in order to meet all current necessary funding requirements of the Internal Service Fund.

Contributions From the General Fund

	<u>Health Benefits</u>	<u>Workers' Compensation</u>
2008-09	\$88,465,000	\$6,817,000
2007-08	81,474,000	5,709,000
2006-07	75,805,000	10,546,000
2005-06	74,765,000	6,245,000
2004-05	70,224,000	7,243,000
2003-04	61,961,000	6,643,000

SECTION VI - ADDITIONAL INFORMATION

Litigation

The City, its officers and employees, are defendants in numerous lawsuits. The City is insured for damages, subject to a \$500,000 deductible. Judgments or settlements for less than the deductible are paid from funds budgeted in the General Fund. \$1.9 million is budgeted for settlements in the budget of the Corporation Counsel for Fiscal Year 2010, which sum may be adjusted as necessary. Corporation Counsel expects that the budgeted amount is adequate and that none of the cases currently in litigation, if adversely decided, would have a negative impact on the finances of the City.

In the opinion of the Corporation Counsel, as of the date of this Official Statement, there are no claims or litigation pending or to his knowledge threatened which, individually or in the aggregate, will or may result in final judgments against the City which would have a material adverse effect on the finances of the City, or which would impact the validity of the Bonds and the Notes or the power of the City to levy and collect taxes to pay the principal of and interest on the Bonds and the Notes.

State Grand Jury Investigation

The one-judge Grand Jury inquiring into alleged municipal corruption began its work in 2008; its term was extended twice.

In January 2009 a warrant was issued for the Mayor's arrest charging bribery, falsifying evidence and conspiracy to falsify evidence, all arising out of allegations that improvements were made to the Mayor's house by a contractor with several City contracts. The Mayor pled not guilty.

The Grand Jury ended its work in May of 2009. Then, instead of simply adding a count to the existing information (charging paper), the Chief State's Attorney's determined to issue a new warrant for the Mayor's arrest for attempted extortion. The Mayor turned himself in on August 31, 2009. He has protested his innocence and has refused to resign.

The allegations in the second case apparently have to do with claims of an improper relationship with another city contractor involved with a small parking lot and claims of a no-bid contract. The Mayor appeared in court on September 8 and pled not guilty. The cases were merged and the trial is scheduled for April, 2010.

Commitment to Provide Continuing Disclosure Information

The City prepares, in accordance with State law, annual audited financial statements and files such annual audits with the State Office of Policy and Management within six months of the end of its fiscal year. In order to provide certain continuing disclosure with respect to the Bonds and the Notes in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time ("Rule 15c2-12"), the City has entered into a Disclosure Dissemination Agent Agreement ("Disclosure Dissemination Agreement") for the benefit of the holders of the Bonds and the Notes with Digital Assurance Certification, L.L.C. ("DAC"), under which the City has designated DAC as Disclosure Dissemination Agent. The forms of the Disclosure Dissemination Agreements are attached as Appendix C, respectively.

The City has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide certain annual financial information and event notices pursuant to Rule 15c2-12(b)(5). To date the City has not failed to meet any of its undertakings under such agreements, except for one filing in 2001 for the Parking System Revenue Bonds dated July 1, 2000 which was filed after the required due date.

Documents Delivered at Closing

Upon delivery of the Bonds and the Notes, the Underwriters will be furnished with the following documents:

1. Signature and No Litigation Certificates stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds and the Notes or the levy or collection of taxes to pay them.
2. Certificates on behalf of the City, signed by the Mayor, the City Treasurer and the Director of Finance, which will be dated the date of delivery, and attached to a signed Official Statement, and which will certify to the best of said officials' knowledge and belief, that as of the date of the execution of the Contract of Purchase, the descriptions and statements in the Official Statement relating to the City and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the City from that set forth in or contemplated by the Official Statement.
3. Receipts for the purchase price of the Bonds and the Notes.
4. The approving opinions of Robinson & Cole LLP, Bond Counsel.
5. Executed disclosure dissemination agent agreements for the Bonds and the Notes substantially in the forms of Appendix C-1 & Appendix C-2, respectively, to this Official Statement.

The City has prepared this Official Statement for the Bonds and the Notes. The City deems this Official Statement final as of its date for purposes of SEC Rule 15c-12(b)(1), but it is subject to revision or amendment. The City will make available to the Underwriter a reasonable number of copies of the Official Statement within seven business days of the execution of the Contract of Purchase. Additional copies of the Official Statement may be obtained by the Underwriter at their own expense by arrangement with the printer.

Legal Matters

The unqualified opinion of Robinson & Cole LLP, of Hartford, Connecticut, in the forms set forth in Appendix B hereto, will be furnished upon delivery of the Bonds and the Notes. Certain legal matters will be passed upon for the Underwriters by Pullman & Comley, LLC of Hartford, Connecticut. Legal matters related to the authorization, issuance and sale of the Bonds and the Notes are subject to the approval of Robinson & Cole LLP, Bond Counsel to the City.

Concluding Statement

To the extent that any statements made in this Official Statement involve matters of opinion or estimates, such statements are made as such and not as representations of fact or certainty, and no representation is made that any of such statements will be realized. Information herein has been derived by the City from official and other sources and is believed by the City to be reliable, but such information other than that obtained from official records of the City has not been independently confirmed or verified by the City and its accuracy is not guaranteed.

[Signature page follows]

This Official Statement has been duly prepared and delivered by the City and executed for and on behalf of the City by the following officials.

Dated as of March 31, 2010

CITY OF HARTFORD, CONNECTICUT

By /s/ Eddie A. Perez
Eddie A. Perez
Mayor

By /s/ Kathleen Palm Devine
Kathleen Palm Devine
City Treasurer

By /s/ Christopher J. Wolf
Christopher J. Wolf
Director of Finance

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APPENDIX A

FINANCIAL REPORT

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FINANCIAL REPORT

CITY OF HARTFORD, CONNECTICUT MAYOR-COUNCIL FORM OF GOVERNMENT

For the Fiscal Year

July 1, 2008 to June 30, 2009

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of the
Court of Common Council
City of Hartford, Connecticut

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hartford, Connecticut, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Hartford, Connecticut's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hartford, Connecticut, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis, budgetary comparison information, the schedule of funding progress for pensions and other post-employment benefits and the schedule of employer contributions are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

McGladrey & Pullen, LLP

New Haven, Connecticut
February 25, 2010

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**CITY OF HARTFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009**

This discussion and analysis of the City of Hartford, Connecticut's (City) financial performance is provided by management to provide an overview of the City's financial activities for the fiscal year ended June 30, 2009. Please read this MD&A in conjunction with the transmittal letter beginning on page i and the City's financial statements, Exhibits I to IX.

FINANCIAL HIGHLIGHTS

- ♦ The City's total net assets increased \$52.4 million as a result of this year's operations. The net assets of our governmental activities increased by \$50.7 million, or nearly 5.4 percent. The net assets of our business-type activities increased by \$1.7 million.
- ♦ The City received \$71.9 million in capital grants and contributions mostly related to school building construction grants from the State in support of the City's school renovation and construction projects.
- ♦ The total cost of the City's programs for the year was \$756.8 million with no new programs added.
- ♦ The General Fund reported a fund balance this year of \$16.3 million.
- ♦ The resources available for appropriation were \$17.3 million less than budgeted for the General Fund. Expenditures were kept within spending limits.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements are presented in Exhibits III to IX. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Government-Wide Financial Statements

The analysis of the City as a whole begins on Exhibits I and II. The statement of net assets and the statement of activities report information about the City as a whole and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes in them. The City's net assets, the difference between assets and liabilities, is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other non-financial factors, however,

such as changes in the City's property tax base and the condition of the City's capital assets, to assess the overall health of the City.

In the statement of net assets and the statement of activities, we divide the City into three types of activities:

- ♦ *Governmental activities* - Most of the City's basic services are reported here, including education, public safety, public works, development and community affairs, human services, recreation and culture, and general administration. Property taxes, charges for services, and state and federal grants finance most of these activities.
- ♦ *Business - type activities* - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's Hartford Parking Facilities Fund is reported here.
- ♦ *Component units* - The City includes a separate legal entity in its report; the Hartford Parking Authority. Although legally separate, this "component unit" is reported because the City is financially accountable for them.

Fund Financial Statements

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by Charter. However, the City Council establishes many other funds to help control and manage financial activities for particular purposes (like the Capital Improvement Fund and Library Operating Fund) or to show that it is meeting legal responsibilities for using grants, and other money (like grants received from the Educational Grants, Health Grants and Miscellaneous Grants Funds). The City's funds are divided into three categories; governmental, proprietary and fiduciary.

- ♦ *Governmental funds (Exhibits III and IV)* - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.
- ♦ *Proprietary funds (Exhibits V, VI, and VII)* - When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net assets and the statement of activities. In fact the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. Internal service funds (the other component of proprietary funds) are used to report activities that provide supplies and services for the City's other programs and

activities - such as the City's Self-Insurance Internal Service Funds and the City's Metro Hartford Information Services Fund.

- ♦ *Fiduciary funds (Exhibits VIII and IX)* - The City is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the City's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined net assets increased from a year ago by \$52.4 million to \$1,024.1 million. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental and business-type activities.

TABLE 1 NET ASSETS (In Thousands)						
	Governmental Activities		Business-Type Activities		Total Government	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 327,066	\$ 313,767	\$ 505	\$ 630	\$ 327,571	\$ 314,397
Capital assets, net of accumulated depreciation	1,182,461	1,099,057	66,281	65,591	1,248,742	1,164,648
Total assets	1,509,527	1,412,824	66,786	66,221	1,576,313	1,479,045
Long-term liabilities outstanding	411,924	379,386	28,598	29,617	440,522	409,003
Other liabilities	111,197	97,723	505	630	111,702	98,353
Total liabilities	523,121	477,109	29,103	30,247	552,224	507,356
Net Assets:						
Invested in capital assets, net of related debt	910,440	877,583	37,683	35,974	948,123	913,557
Restricted	63,642	64,098	-	-	63,642	64,098
Unrestricted (deficit)	12,324	(5,966)	-	-	12,324	(5,966)
Total net assets	\$ 986,406	\$ 935,715	\$ 37,683	\$ 35,974	\$ 1,024,089	\$ 971,689

The City's government-wide net assets of \$1.02 billion represent an increase of \$52.4 million (5 percent) over last year's net assets of \$971.7 million. The City was able to generate an overall increase in the City's governmental activities net assets principally due to the receipt of \$71.9 million in capital grants and contributions from the State mostly in support of the City's school renovation and construction capital program. Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - is \$12.3 million at the end of this year as compared with a \$6.0 million deficit at the end of last year. Unrestricted net assets increased \$18.3 million as the City issued \$40.2 million of bonds in January as well as \$10 million in bond anticipation notes in February that remained largely unspent at June 30, 2009. Net assets of the City's business-type activities increased \$1.7 million in 2009 as transfers of unrestricted net assets to the City's General Fund decreased from \$8.3 million in 2008 to \$3.1 million in 2009.

TABLE 2

	CHANGES IN NET ASSETS (In Thousands)					
	Governmental Activities		Business-Type Activities		Total Government	
	2009	2008	2009	2008	2009	2008
REVENUES						
Program Revenues:						
Charge for services	\$ 24,998	\$ 25,681	\$ 5,309	\$ 6,724	\$ 30,307	\$ 32,405
Operating grants and contributions	391,919	466,397	-	-	391,919	466,397
Capital grants and contributions	71,908	58,545	3,214	-	75,122	58,545
General Revenues:						
Property taxes	256,520	229,500	-	167	256,520	229,667
Grants and contributions not restricted to specific programs	53,234	47,698	-	-	53,234	47,698
Unrestricted investment earnings	(416)	3,692	7	11	(409)	3,703
Other general revenues	2,492	4,581	-	-	2,492	4,581
Total revenues	800,655	836,094	8,530	6,902	809,185	842,996
EXPENSES						
General government	58,575	115,504	-	-	58,575	115,504
Public safety	95,466	83,414	-	-	95,466	83,414
Public works	30,290	29,127	-	-	30,290	29,127
Development and community affairs	56,269	51,777	-	-	56,269	51,777
Human services	34,601	30,042	-	-	34,601	30,042
Education	450,428	496,857	-	-	450,428	496,857
Recreation and culture	10,227	10,338	-	-	10,227	10,338
Interest on long-term debt	17,169	13,723	-	-	17,169	13,723
Hartford Parking Facilities	-	-	3,760	3,897	3,760	3,897
Total expenses	753,025	830,782	3,760	3,897	756,785	834,679
Excess before transfers	47,630	5,312	4,770	3,005	52,400	8,317
Transfers	3,061	5,562	(3,061)	(5,562)	-	-
Change in net assets	50,691	10,874	1,709	(2,557)	52,400	8,317
Net Assets, beginning	935,715	924,841	35,974	38,531	971,689	963,372
Net Assets, ending	\$ 986,406	\$ 935,715	\$ 37,683	\$ 35,974	\$ 1,024,089	\$ 971,689

The City's total revenue in 2009 of \$809.2 million represents a decrease of \$33.8 million over last year. Included in this last year's total revenue was the recognition of \$102.8 million in operating grants and contributions for the State's contribution to the State Teachers Retirement Board (STRB) on behalf of City teachers, compared with \$20.9 million in 2009. During 2008, the State's contribution to the STRB Plan on behalf of City teachers was significantly higher due to the State's issuance of pension obligation bonds and transferring of those proceeds into the STRB Plan. Capital grants and contributions increased \$13.4 million as capital expenses subject to reimbursement from the State for the school renovation and construction capital program decreased compared with the previous year.

The City's total program expenses of \$756.8 million represent a decrease of \$77.9 million over last year. Decrease is due to the reduction in the STRB Plan noted above, that is reflected as an expense in the Education Function.

Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

Table 3 presents the cost of each of the City's governmental activities five largest programs - general government, public safety, development and community affairs, human services and education - as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

TABLE 3
GOVERNMENTAL ACTIVITIES
(In Thousands)

	Total Cost of Services		Net Cost of Services	
	2009	2008	2009	2008
General government	\$ 58,575	\$ 115,504	\$ 53,863	\$ 111,703
Public safety	95,466	83,414	88,671	76,577
Development and community affairs	56,269	51,777	1,397	888
Human services	34,601	30,042	6,944	8,929
Education	450,428	496,857	78,799	53,471
All other	57,686	53,188	34,526	28,591
Total	\$ 753,025	\$ 830,782	\$ 264,200	\$ 280,159

Business-Type Activities

Revenues from the Hartford Parking Authority provided to the Hartford Parking Facilities Fund to finance debt service and capital improvement, as well as revenues to the City's General Fund, decreased from \$6.7 million to \$5.3 million. Expenses (including debt service and depreciation) for the City's dedicated parking facilities were consistent with the prior year. Net transfers to the City's governmental activities decreased from \$5.6 million in 2007 to \$3.1 million in 2008 as the Parking Authority's revenues declined by \$1.4 million over the same period due to the economic downturn.

CITY FUNDS FINANCIAL ANALYSIS

Governmental Funds

The City's General Fund reported a fund balance decrease of \$11.6 million during 2009 as compared with a decrease of \$6.6 million in 2008. The General Fund's unreserved fund balance at June 30, 2009 is \$16.2 million representing 2.9 percent of the General Fund's 2009 amended budgetary appropriations. Actual revenues were \$17.3 below the amended budgetary revenue estimate as investment income and other revenues fell significantly short of budgetary estimates. Expenditures were \$5.6 million below the final budgeted appropriation of \$547.6 million due to both layoffs and an early retirement program that targeted a reduction of 120 non-public safety personnel. Refer to RSI-1 and RSI-2 for details on other favorable and unfavorable variances in comparison to budgetary estimates.

As the City completed the year, its Capital Improvement Fund reported a fund balance decrease of \$5.6 million. The decrease is the result of an increase in capital outlays as several large schools were completed and put in service and a decline in State school construction grant revenue of \$10.6 million.

The Debt Service Fund had an unreserved fund balance as of June 30, 2009 of \$146 thousand.

The City's other governmental funds reported a decrease of \$3.6 million in fund balance for the year. The Miscellaneous Grants Fund reported a decrease of \$97 thousand in fund balance principally due to the transfer of policy private duty net revenues to the City's General Fund. A portion of the net revenues were in undesignated fund balance at the end of the prior fiscal year. The City's permanent funds representing the reservation of assets for various trust purposes reported an investment loss of \$1.8 million on investments.

Internal Service Funds

The net assets deficit of the City's self-insurance programs decreased \$12.7 million, decreasing the total deficit of the City's internal service programs from \$36.8 million to \$24.1 million. Included in the deficit is \$16.4 million of accrued estimated long-term obligations for the City's Workers Compensation and Liability and Property Damage self-insured programs. Overall operating revenues increased \$6.4 million and operating expenses decreased \$11.9 million. Administrative and claims paid expenses decreased \$4.6 million in the City's Employee Benefits self-insured program, representing an 5 percent decrease over 2008.

The Metro Hartford Information Services Fund operational expenses were funded by \$6.4 million in contributions from the City's General Fund. Net assets increased by \$410 thousand during the year.

General Fund Budgetary Highlights

There were no supplemental appropriations in the City's General Fund.

The City's General Fund fund balance and budgetary fund balance are both \$16.2 million at year end. There were \$95 thousand encumbrances at year end with the General Fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009, the City had \$1.2 billion invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment and infrastructure - Table 4.

Capital asset additions during the year totaled \$118.4 million (Note 7 to the financial statements). Construction in progress additions represent the majority of capital additions recorded by the City other than capital activity related to vehicle and equipment purchases. Refer to current period expenditures reported in Exhibit C for a detail of capital project expenditures by project in the City's Capital Improvement Fund. The majority of active projects as reported in Exhibit C qualify for capitalization under the City's asset capitalization policy.

TABLE 4
CAPITAL ASSETS AT YEAR-END (Net of Depreciation)
(In Millions)

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 71.7	\$ 71.3	\$ 8.4	\$ 8.4	\$ 80.1	\$ 79.7
Land improvements	9.9	8.0	0.2	0.1	10.1	8.1
Buildings	603.0	246.2	-	-	603.0	246.2
Other structures	8.9	3.3	57.6	56.9	66.5	60.2
Furniture and equipment	4.2	3.9	0.1	0.2	4.3	4.1
Rolling equipment	11.5	11.2	-	-	11.5	11.2
Infrastructure	204.4	198.0	-	-	204.4	198.0
Construction in progress	268.8	557.2	-	-	268.8	557.2
	<u>\$ 1,182.4</u>	<u>\$ 1,099.1</u>	<u>\$ 66.3</u>	<u>\$ 65.6</u>	<u>\$ 1,248.7</u>	<u>\$ 1,164.7</u>

There are 140 active projects in the City's Capital Improvement Fund with appropriations of \$1,215.3 million, cumulative active project expenditures of \$730.5 million and outstanding encumbrances of \$70.9 million, resulting in an unencumbered balance of \$409.0 million. Total expenditures for all projects during the fiscal year amounted to \$113.0 million. New and supplemental appropriations totaled \$121.5 million during 2009.

The City issued \$40.2 million in general obligation bonds during 2009.

More detailed information about the City's capital assets is presented in Note 7 to the financial statements.

Long-term debt

At June 30, 2009, the City had \$326.5 million in bonds outstanding versus \$305.5 million last year - an increase of 40 percent - as shown in Table 5.

TABLE 5
OUTSTANDING DEBT, AT YEAR-END
(In Millions)

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 295.8	\$ 275.9	\$ 30.7	\$ 29.6	\$ 326.5	\$ 305.5
Serial notes payable	1.7	1.8	-	-	1.7	1.8
Total	<u>\$ 297.5</u>	<u>\$ 277.7</u>	<u>\$ 30.7</u>	<u>\$ 29.6</u>	<u>\$ 328.2</u>	<u>\$ 307.3</u>

The State limits the amount of general obligation debt that cities can issue based on a formula determined under State Statutes based on type of debt and tax base. The City's outstanding general obligation debt is significantly below this \$1.8 billion state-imposed limit.

Other obligations include accrued vacation pay and sick leave. More detailed information about the City's long-term liabilities is presented in Note 9 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's number of unemployed increased from 4,367 in calendar year 2007 to 7,062 in calendar year 2008 while the unemployment rate increased from 8.9 percent to 14.0 percent. This compares to the State's rate of 8.0 percent and the nation's rate of 6.0 percent.

The consumer price index in the northeast urban areas was higher than the national consumer price index. Inflation from October 2008 to October 2009 in the northeast was 0.2 percent while the rate was (0.2) percent for all urban areas in the U.S.

In developing the fiscal year 2010-2011 budget, the City continues to feel it is critical to examine the size and cost of government and the ability of the taxpayers to meet that burden. With costs escalating, government must evaluate services in terms of affordability and quality. Cost effectiveness, innovative approach and customer service are the standards for this evaluation.

The City feels that it is essential, given the current financial climate, to control the cost of each service provided. In developing the 2009-2010 budget, we constantly questioned how we are spending the taxpayers' money. Our goal is to offer basic services to our citizens that improve their quality of life at a price affordable to them. Our budget philosophy is not directed at cutting the cost of government by cutting services. It is directed toward cutting costs and improving services.

We must be innovative in our approach to the work that we do. The City cannot afford to follow the Business As Usual rule. It is our responsibility to challenge our employees and ourselves to find better ways to provide governmental services. Education and goal setting are the keys to innovation. Encouraging our employees' growth and development will foster innovation. The City of Hartford should be in the vanguard of how cities do business.

The adopted budget for fiscal year 2009-10 of \$535.8 million is a decrease of \$11.8 million over the revised 2008-09 budget. The negative growth in State aid exacerbates the slow growth in the City of Hartford Grand List, thus putting more pressure on property taxes. The budget includes an increase in the current year tax levy to 72.79 mills from 68.34 in the previous year.

The City is exploring ways to reduce the 2009-10 expenditure budget and increase its revenue sources. In developing the City's 2010-11 budget, various options are being explored to reduce City expenditures and maximize revenues.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, City of Hartford, 550 Main Street, Hartford, Connecticut 06103.

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Basic Financial Statements

STATEMENT OF NET ASSETS

June 30, 2009

(In Thousands)

	Primary Government			Component Unit
	Governmental Type Activities	Business-Type Activities	Total	Hartford Parking Authority
Assets				
Cash and cash equivalents	\$ 166,243	\$ 35	\$ 166,278	\$ 739
Investments	13,443	-	13,443	-
Receivables, net	147,534	-	147,534	177
Internal balances	(470)	470	-	-
Due from primary government	-	-	-	194
Other assets	316	-	316	-
Capital assets:				
Assets not being depreciated	340,506	8,428	348,934	-
Assets being depreciated, net	841,955	57,853	899,808	-
Total assets	1,509,527	66,786	1,576,313	1,110
Liabilities				
Accounts payable and accrued expenses	84,990	311	85,301	1,057
Due to component unit	-	194	194	-
Bond anticipation notes payable	10,000	-	10,000	-
Unearned revenue	16,207	-	16,207	53
Noncurrent liabilities:				
Due within one year	53,279	1,305	54,584	-
Due in more than one year	358,645	27,293	385,938	-
Total liabilities	523,121	29,103	552,224	1,110
Net Assets				
Invested in capital assets, net of related debt	910,440	37,683	948,123	-
Restricted for:				
Housing loans	45,597	-	45,597	-
Trust purposes:				
Expendable	1,065	-	1,065	-
Nonexpendable	16,980	-	16,980	-
Unrestricted	12,324	-	12,324	-
Total net assets	\$ 986,406	\$ 37,683	\$ 1,024,089	\$ -

The notes to the financial statements are an integral part of this statement.

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2009

(In Thousands)

					Net (Expense) Revenue and Changes in Net Assets				
Functions/Programs	Expenses	Program Revenues			Primary Government			Component Unit	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Hartford Parking Authority	
Primary Government									
Governmental activities:									
General government	\$ 58,575	\$ 2,374	\$ 2,338	\$ -	\$ (53,863)	\$ -	\$ (53,863)	\$ -	
Public safety	95,466	2,053	4,742	-	(88,671)	-	(88,671)	-	
Public works	30,290	14,715	2,177	4,683	(8,715)	-	(8,715)	-	
Development and community affairs	56,269	957	52,230	1,685	(1,397)	-	(1,397)	-	
Human services	34,601	3,611	24,046	-	(6,944)	-	(6,944)	-	
Education	450,428	830	305,442	65,357	(78,799)	-	(78,799)	-	
Recreation and culture	10,227	458	944	183	(8,642)	-	(8,642)	-	
Interest on long-term debt	17,169	-	-	-	(17,169)	-	(17,169)	-	
Total governmental activities	753,025	24,998	391,919	71,908	(264,200)	-	(264,200)	-	
Business-type activities:									
Hartford Parking Facilities	3,760	5,309	-	3,214	-	4,763	4,763	-	
Total business-type activities	3,760	5,309	-	3,214	-	4,763	4,763	-	
Total primary government	\$ 756,785	\$ 30,307	\$ 391,919	\$ 75,122	(264,200)	4,763	(259,437)	-	
Component Units:									
Hartford Parking Authority	\$ 10,762	\$ 10,762	\$ -	\$ -				-	
		General revenues:							
		Property taxes			256,520	-	256,520	-	
		Grants and contributions not restricted to specific programs			53,234	-	53,234	-	
		Unrestricted investment earnings			(416)	7	(409)	-	
		Miscellaneous			2,492	-	2,492	-	
		Transfers			3,061	(3,061)	-	-	
		Total general revenues and transfers			314,891	(3,054)	311,837	-	
		Change in net assets			50,691	1,709	52,400	-	
		Net assets - beginning			935,715	35,974	971,689	-	
		Net assets - ending			\$ 986,406	\$ 37,683	\$ 1,024,089	\$ -	

The notes to the financial statements are an integral part of this statement

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2009

(In Thousands)

	General	Capital Improvement Fund	Community Development Loan and Grant	Debt Service	Educational Grants	Nonmajor Governmental Funds	Total Governmental Funds
Assets							
Cash and cash equivalents	\$ 59,375	\$ 63,042	\$ 5,670	\$ 181	\$ 7,892	\$ 23,790	\$ 159,950
Investments	-	-	-	-	-	13,443	13,443
Receivables, net	45,597	38,813	45,597	-	1,703	15,364	147,074
Due from other funds	1,965	2,582	-	-	584	-	5,131
Inventories and other assets	-	-	-	-	-	316	316
Total assets	\$ 106,937	\$ 104,437	\$ 51,267	\$ 181	\$ 10,179	\$ 52,913	\$ 325,914
Liabilities							
Accounts payable and accrued liabilities	45,032	24,136	450	35	4,413	4,591	78,657
Due to other funds	412	2,131	-	-	360	2,212	5,115
Deferred/unearned revenue	45,180	3,607	45,566	-	5,190	12,583	112,126
Bond anticipation notes	-	10,000	-	-	-	-	10,000
Total liabilities	90,624	39,874	46,016	35	9,963	19,386	205,898
Fund balances							
Reserved	95	70,972	-	-	-	28,241	99,308
Unreserved, reported in:							
General fund	16,218	-	-	-	-	-	16,218
Special revenue funds	-	-	5,251	-	216	3,281	8,748
Debt service funds	-	-	-	146	-	-	146
Capital project funds	-	(6,409)	-	-	-	2,005	(4,404)
Total fund balances	16,313	64,563	5,251	146	216	33,527	120,016
Total liabilities and fund balances	\$ 106,937	\$ 104,437	\$ 51,267	\$ 181	\$ 10,179	\$ 52,913	\$ 325,914

The notes to the financial statements are an integral part of this statement.

(Continued on Next Page)

BALANCE SHEET - GOVERNMENTAL FUNDS (Continued)**June 30, 2009****(In Thousands)**

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets:

Amounts reported for governmental activities in the statement of net assets (Exhibit I) are different because of the following:

Fund balances - total governmental funds (Exhibit III)	\$ 120,016
--	------------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	1,695,377	
Less accumulated depreciation	<u>512,916</u>	
Net capital assets		1,182,461

Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:

Property tax receivables	20,188
Interest receivable on property taxes	6,361
Receivable from the State for school construction projects	16,197
Housing loans	45,566
Other receivables	7,607

Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net assets.

	(24,076)
--	----------

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds and notes payable	(295,845)
Interest payable on bonds and notes	(5,340)
Compensated absences	(32,469)
HUD loans	(2,478)
Capital leases	(8,142)
Clean Water Fund serial note	(1,745)
Net OPEB obligation	(28,166)
Net pension obligation	(5,586)
Bond premium	(8,295)
Deferred charges on refunding	<u>152</u>

Net Assets of Governmental Activities (Exhibit I)	<u><u>\$ 986,406</u></u>
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The accompanying notes are an integral part of the financial statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2009

(In Thousands)

	General	Capital Improvement Fund	Community Development Loan and Grant	Debt Service	Educational Grants	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Property taxes	\$ 250,668	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,668
Licenses, permits, and other charges	8,155	-	-	-	-	-	8,155
Intergovernmental revenues	270,021	67,223	-	-	77,198	90,620	505,062
Charges for services	1,961	-	-	-	-	7,392	9,353
Use of property	4,196	-	-	-	-	-	4,196
Investment income (loss)	201	652	329	-	-	(1,598)	(416)
Miscellaneous	5,756	-	783	-	7,681	2,513	16,733
Total revenues	540,958	67,875	1,112	-	84,879	98,927	793,751
EXPENDITURES							
Current:							
General government	20,929	-	-	-	-	2,810	23,739
Public safety	72,998	-	-	-	-	7,390	80,388
Public works	13,629	-	-	-	-	4,083	17,712
Development and community affairs	2,241	-	2,202	-	-	50,414	54,857
Human services	7,565	-	-	-	-	26,221	33,786
Education	305,432	-	-	-	83,736	11,367	400,535
Recreation and culture	-	-	-	-	-	9,234	9,234
Benefits and insurance	57,985	-	-	-	-	-	57,985
Other	31,335	-	-	-	-	-	31,335
Capital outlay	-	113,021	-	-	-	-	113,021
Debt service	-	1,053	-	33,833	-	3,278	38,164
Total expenditures	512,114	114,074	2,202	33,833	83,736	114,797	860,756
Excess (deficiency) of revenues over expenditures	28,844	(46,199)	(1,090)	(33,833)	1,143	(15,870)	(67,005)
OTHER FINANCING SOURCES (USES)							
Transfers in	8,035	-	-	33,833	-	12,385	54,253
Transfers out	(48,466)	(933)	-	-	-	(1,793)	(51,192)
Serial notes issued	-	40,225	-	-	-	-	40,225
Bond premium	-	1,357	-	-	-	-	1,357
Capital leases	-	-	-	-	-	1,700	1,700
Total other financing sources (uses)	(40,431)	40,649	-	33,833	-	12,292	46,343
Net change in fund balances (deficits)	(11,587)	(5,550)	(1,090)	-	1,143	(3,578)	(20,662)
FUND BALANCES (DEFICITS), beginning of year	27,900	70,113	6,341	146	(927)	37,105	140,678
FUND BALANCES, end of year	\$ 16,313	\$ 64,563	\$ 5,251	\$ 146	\$ 216	\$ 33,527	\$ 120,016

The notes to the financial statements are an integral part of this statement.

(Continued on Next Page)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS, (Continued)
For the Year Ended June 30, 2009
(In Thousands)

Reconciliation of the Statement of Revenues, Expenditures and changes in fund balances of governmental funds to the Statement of Activities:

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (Exhibit IV)	\$ (20,662)
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	115,177
Loss on disposal of assets	(49)
Depreciation expense	(31,724)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

School building grant receipts	(2,318)
Property tax receivable - accrual basis change	4,272
Property tax interest and lien revenue - accrual basis change	1,580
Housing loans	1,455
Other receivables - accrual basis change	1,915

Change in pension and other postemployment benefit liabilities	(10,830)
--	----------

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities.

Bond and series note principal payments	20,600
Issuance of bonds and notes	(40,225)
Accrued interest on bonds - accrual basis change	(875)
HUD loan proceeds	(1,103)
HUD loan principal payments	1,470
Capital lease payments	2,836
Capital lease financing	(1,700)
Amortization of deferred charge on refunding	(78)
Bond premium	(1,357)
Amortization of bond premium	525

Changes in some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences	(946)
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Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities

12,728

Change in Net Assets of Governmental Activities (Exhibit II)	\$ 50,691
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The notes to the financial statements are an integral part of this statement.

STATEMENT OF NET ASSETS (DEFICITS) - PROPRIETARY FUNDS

June 30, 2009

(In Thousands)

	Business-Type Activities Hartford Parking Facilities	Governmental Activities Internal Service Funds
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 35	\$ 6,293
Receivables, net	-	460
Due from other funds	478	-
Total current assets	513	6,753
CAPITAL ASSETS, NET		
	66,281	-
Total assets	66,794	6,753
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and other payables	311	993
Due to other funds	8	486
Due to component unit	194	-
Risk management claims	-	12,950
Bonds payable	1,305	-
Total current liabilities	1,818	14,429
NONCURRENT LIABILITIES		
Risk management claims	-	16,400
Bonds payable	27,293	-
Total noncurrent liabilities	27,293	16,400
Total liabilities	29,111	30,829
NET ASSETS (DEFICITS)		
Invested in capital assets, net of related debt	37,683	-
Unrestricted	-	(24,076)
Total net assets (deficits)	\$ 37,683	\$ (24,076)

The notes to the financial statements are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS (DEFICITS) - PROPRIETARY FUNDS**

For the Year Ended June 30, 2009

(In Thousands)

	Business-Type Activities Hartford Parking Facilities	Governmental Activities Internal Service Funds
OPERATING REVENUES		
City's contribution for insurance	\$ -	\$ 82,439
Employee and pensioners contributions for insurance	-	20,752
Hartford Parking Authority - operations	5,309	-
Other	-	201
Total operating revenues	5,309	103,392
OPERATING EXPENSES		
Administrative	-	4,684
Operations	-	5,511
Insurance benefits and claims	-	80,472
Depreciation and amortization	2,635	-
Total operating expenses	2,635	90,667
Operating income	2,674	12,725
NONOPERATING INCOME (EXPENSE)		
Interest earnings	7	3
Interest expense	(1,125)	-
Total nonoperating income (expense)	(1,118)	3
Net income before transfers and contributions	1,556	12,728
Capital Contributions	3,214	-
Transfers in	2,248	-
Transfers out	(5,309)	-
Change in net assets	1,709	12,728
FUND NET ASSETS (DEFICITS), beginning	35,974	(36,804)
FUND NET ASSETS (DEFICITS), ending	\$ 37,683	\$ (24,076)

The notes to the financial statements are an integral part of this statement.

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

For the Year Ended June 30, 2009

(In Thousands)

	Business-Type Activities Hartford Parking Facilities	Governmental Activities Internal Service Funds
Cash Flows From Operating Activities		
City's contribution	\$ -	\$ 81,957
Cash received from insurance companies and users	-	21,943
Cash received from Hartford Parking Authority	6,815	-
Cash paid for salaries and benefits	-	(3,080)
Cash paid to suppliers and other	(319)	(100,052)
Cash paid to other funds	(1,190)	-
Net cash provided by operating activities	5,306	768
Cash Flows From Noncapital and Related Financing Activities		
Transfers from other funds	2,248	-
Transfers to other funds	(5,309)	-
Net cash used in noncapital and related financing activities	(3,061)	-
Cash Flows From Capital and Related Financing Activities		
Principal paid on bonds	(1,255)	-
Interest paid on bonds	(1,125)	-
Net cash used in capital and related financing activities	(2,380)	-
Cash Flows From Investing Activities		
Income on investments	7	3
Net increase (decrease) in cash and cash equivalents	(128)	771
Cash and Cash Equivalents, beginning of year	163	5,522
Cash and Cash Equivalents, end of year	\$ 35	\$ 6,293
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating income	\$ 2,674	\$ 12,725
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	2,635	-
Increase in other receivables	-	(362)
Increase (decrease) in due from other funds	(478)	1,645
Decrease in accounts payable and accrued liabilities	(319)	(6,732)
Decrease in due to other funds	(1,373)	(775)
Decrease in insurance claims payable	-	(5,733)
Decrease in due from component unit	2,167	-
Net cash provided by operating activities	\$ 5,306	\$ 768
Noncash Investing, Capital and Financing Activities		
Capital contribution	\$ 3,214	\$ -
Amortization of deferred amount on refunding	\$ 236	\$ -

The notes to the financial statements are an integral part of this statement.

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

June 30, 2009

(In Thousands)

	Pension Trust Funds	School Agency Funds
ASSETS		
Cash and cash equivalents	\$ 207,493	\$ 609
Investments:		
Fixed income securities	261,827	-
Common stock and other	431,909	-
Total investments	693,736	-
Loan receivable	1,800	-
Accrued investment earnings	3,545	-
Total assets	906,574	609
LIABILITIES		
Accounts payable and accrued liabilities	122	-
Net settlement due on investments purchased/sold	38,792	-
Due to student groups and other	-	609
Total liabilities	38,914	609
Net Assets Held in Trust for Pension Benefits	\$ 867,660	\$ -

The notes to the financial statements are an integral part of this statement.

**STATEMENT OF CHANGES IN PLAN NET ASSETS -
FIDUCIARY FUNDS - PENSION TRUST FUNDS**

For the Year Ended June 30, 2009

(In Thousands)

Additions

Contributions:

Employer	\$ 15,539
Plan members	8,328
Total contributions	<u>23,867</u>

Investment Income (Loss):

Net depreciation in fair value of investments	(170,073)
Interest and dividends	21,323
Total investment loss	<u>(148,750)</u>

Less investment expense

Net investment loss	<u>3,238</u> <u>(151,988)</u>
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Deductions

Benefits	82,724
Administration	2,231
Other	636
Total deductions	<u>85,591</u>

Net decrease	(213,712)
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Net Assets Held in Trust for Pension Benefits

Beginning of year	<u>1,081,372</u>
End of year	<u>\$ 867,660</u>

The notes to the financial statements are an integral part of this statement.

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

(In Thousands)

Note 1. Summary of Significant Accounting Policies

The financial statements of the City of Hartford, Connecticut (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the City are described below.

Reporting entity

The City of Hartford, Connecticut was incorporated May 29, 1784 and the City consolidated in April, 1896. The City operates under a Mayor-Council form of government and provides a full range of services including public safety, roads, solid waste collection, health, social services, culture and recreation, education, planning, development, zoning and general administrative services.

As required by generally accepted accounting principles, these financial statements present the primary government and the following component unit.

Discretely presented component unit

The Hartford Parking Authority (the Authority) has been included in the City's reporting as a governmental fund type in accordance with GAAP. The Authority was created pursuant to Chapter 100 of the General Statutes of Connecticut and is governed by five members appointed by the Mayor. The purpose of the Authority is to create, establish, finance, maintain, and operate the City of Hartford's dedicated parking facilities, and regulate the uses and parking rates to be charged at other regulated parking facilities. The City will maintain ownership of the facilities and retire associated debt with net parking revenue received from the Authority. Separate financial statements of the Authority are available from the Authority's offices, 155 Morgan Street, Hartford, Connecticut.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the City and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the City is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The various fund types included in the financial statements are described below:

Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed.

General Fund - the primary operating fund of the City. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, state and federal grants, licenses, permits, charges for service, and interest income.

Special Revenue Funds - account for revenue derived from specific sources (other than major capital projects) that are restricted by legal and regulatory provisions to finance specific activities.

Debt Service Fund - accounts for the payment of principal and interest on general long-term debt of the City.

Capital Project Funds - account for all financial resources used for the acquisition or construction of major capital facilities not being financed by proprietary funds.

Permanent Funds - used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs.

Proprietary Funds

Proprietary funds are used to account for activities that are similar to those often found in the private sector. These funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. The following are the City's proprietary funds:

Enterprise Funds - account for operations that are financed in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The reported enterprise fund of the City accounts for activities of the Hartford Parking Facilities.

Internal Service Funds - account for the financing of goods or services provided by one department to other departments or agencies of the City on a cost-reimbursement basis. The reported internal service funds of the City include self-insured funds for Employee Benefits, Workers' Compensation,

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

and Liability and Property Damage and a fund used to account for the centralized operations of the Metro Hartford Information Services.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and other governments. Fiduciary funds are not included in the government-wide statements. The fiduciary funds are as follows:

Pension Trust Funds - account for the Municipal Employees' Retirement System.

Agency Funds - are custodial in nature (assets equal liabilities). Agency Funds apply the accrual basis of accounting but do not involve measurement of results of operation. The School System Student Activity Fund and Adult Education Book Fund are the City's only agency funds.

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements (except for agency funds which have no measurement focus). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied for. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period (generally 60 days). Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pension obligations, other post-employment obligations, and claims and judgments, are recorded only when payment is due (matured).

Property taxes, when levied for, intergovernmental revenues, when eligibility requirements are met, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual (measurable) and so have been recognized as revenues of the current fiscal period, if available. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items, primarily licenses and fees, are considered to be measurable and available only when cash is received.

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

The *Capital Improvement Fund* accounts for the proceeds of general obligation bonds and grants for various construction and reconstruction projects.

The *Community Development Loan and Grant Fund* accounts for loan and grant activities associated with the housing and development program.

The *Debt Service Fund* accounts for the payment of principal and interest on general long-term debt of the City.

The *Educational Grants Fund* accounts for State and Federal grants received and expended for educational purposes.

The City reports the following major enterprise fund:

The *Hartford Parking Facilities Fund* accounts for the operations of the City's dedicated parking facilities in conjunction with the Hartford Parking Authority.

Additionally, the City reports the following fund types:

The *Internal Service Funds* account for the risk management program of the City and the centralized operations of the Metro Hartford Information Services.

The *Pension Trust Funds*, fiduciary funds, account for the activities of the Hartford Retirement System, which accumulates resources for pension benefit payments to qualified City employees.

The *Agency Funds*, fiduciary fund, account for monies held as a custodian for outside student groups.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between certain City's functions because the elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions,

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include property taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise fund, and of the City's internal service funds are charges to customers for sales and services. Operating expenses for the enterprise fund and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Accounting estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments are stated at fair value, based on quoted market prices, except as disclosed below.

The pension funds allow for investments in certain alternative investments. Alternative investments may include private equity partnerships, hedge and absolute return funds for which there may be no ready market to determine fair value. These investments are valued using the most recent valuation available from the external fund manager. These estimated values do not necessarily represent the amounts that will ultimately be realized upon the disposition of those assets, which may be materially higher or lower than values determined if a ready market for the securities existed.

The Connecticut State Treasurer's Short-Term Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c through 3-27e. Investment guidelines are adopted by the State Treasurer. Investments in 2a7 like pools are stated at the position in the pool, and are the same as the value of the pool shares, amortized cost.

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

Receivables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

All trade and property tax receivables, including those for component units, are shown net of an allowance for uncollectibles. The property tax receivable allowance of \$3.9 million is equal to 16.9% of outstanding property taxes at June 30, 2009.

The City's property tax is levied each May on the assessed value listed as of the prior October 1 for all taxable real and personal property located in the City. The lien date is July 1 on the May 1 levy. Assessed values are established by the City Assessor at 70% of fair market value for all properties on the grand list as of October 1 each year. Taxes under \$100 (amount not rounded) are due in one installment July 1; real and personal property taxes of over \$100 (amount not rounded) are due in two installments July 1 and January 1. Motor vehicle taxes in excess of \$100 (amount not rounded) are due in two installments July 1 and January 1. Delinquent taxes are assessed interest of 1.5% per month. In accordance with revenue recognition rules for property taxes, all uncollected property taxes at year end have been deferred.

The City has also entered into various loan agreements with third parties related to its public housing programs. These loan agreements have been recorded as notes receivable within the Community Development Loan and Grant Fund. Under these agreements, the City has loaned money for the purpose of establishing and/or improving public housing units. The loans are secured by an interest in the property being acquired and/or improved. The programs consist of the House Hartford Program, the Home Ownership Appraisal GAP Financing Program, Home Program and the Housing Preservation Loan Program. The City develops an allowance for uncollectible amounts on a loan-by-loan basis.

Inventories

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital assets

Capital assets, which include land, buildings, equipment, and infrastructure assets, (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred, net of interest earned on specific project related debt, during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets of the primary government, as well as the component unit, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Land improvements	20
Buildings and building improvements	20-40
Other structures	15
Office furniture, equipment and PC hardware	5
Computer equipment	3-5
Shop, playground, and grounds maintenance equipment	10-20
Autos, trucks, construction vehicles	5-15
Infrastructure	25-70

Capital assets are reported as expenditures and no depreciation expense is reported in the governmental fund financial statements.

Compensated absences

City employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. Vacation and sick leave expenses to be paid in future periods are accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only for amounts that have become due. The general fund is typically used to liquidate the liability.

Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable as reported include unamortized bond premiums and discounts. Significant bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

from the actual debt proceeds received, and bond principal payments, are reported as debt service expenditures.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as a reservation of fund balance as they do not constitute expenditures or liabilities.

Fund equity and net assets

In the government-wide and proprietary fund financial statements, net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduces this category.

Restricted Net Assets – This category presents external restriction imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets or Deficit – This category represents the net assets of the City, which are not restricted. A deficit will require future funding.

In the fund financial statements, fund balances of governmental funds are classified in three separate categories. The three categories, and their general meanings, are as follows:

Reserved fund balance - indicates that portion of fund equity which has been legally segregated for specific purposes or is not available for appropriation.

Unreserved-Designated fund balance - indicates that portion of fund equity for which the City has made tentative plans.

Unreserved fund balance (deficit) - indicates that portion of fund equity which is available for appropriation and expenditure in future periods. A deficit will require future funding.

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

Note 2. Stewardship, Compliance and Accountability

Budgetary information

The City adopted the legal budget for the 2008-2009 General Fund in accordance with the procedures summarized below:

By the third Monday in April, the Mayor must submit to the City Council a recommended operating budget for the fiscal year commencing the following July 1st. The operating budget includes proposed expenditures and the means of financing them.

Through direction of the Mayor and the City Council, open meetings and public hearings are held to obtain residents' and taxpayers' comments on the recommended budget.

The City Council modifies the budget by resolution (except revenues, debt service and pension requirements) and then submits the budget as amended to the Mayor for certification no later than May 21.

The Mayor may approve, reduce, and/or disapprove the budget within 48 hours, but no later than May 23.

Upon action by the Mayor, Council has until May 31 to adopt the budget, the appropriation ordinance and the tax levy ordinance. If it fails to adopt the budget by that date the budget as certified by the Mayor shall be deemed to be the budget of the City for the ensuing fiscal year and expenditures shall be made in accordance therewith (Hartford Municipal Code Sec. 9).

After the budget has been adopted and the new fiscal year begins, an appropriation may be amended. The Mayor may, at any time, transfer any unencumbered balance or portion thereof, from one classification of expenditures to another within the same department.

At the request of the Mayor, but only within the last three months of the fiscal year, the Court of Common Council may transfer by resolution, any unencumbered appropriation balance or portion thereof from one department or agency to another.

Supplemental appropriations are made on the recommendation of the Mayor upon certification by the Director of Finance that there exists an available general fund cash surplus to meet this appropriation.

Budgets for General Fund are presented on a basis consistent with generally accepted accounting principles except that encumbrances and transfers out are shown as budgetary obligations and transfers in are shown as revenues.

The General Fund budget is the City's only legally adopted annual budget. Budgets for Special Revenue and Capital Projects Funds are adopted on a project length basis in accordance with related grant or funding agreements.

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

The level of control for the General Fund budget is at the department/major activity level which are authorized by ordinance. The level of control for Capital Projects Funds is appropriations at the project level. Total expenditures cannot exceed total appropriations by project, over the length of the project.

The Community Development Block Grant (Special Revenue) project budgets are approved by City Council. The level of control for all other Special Revenue Funds is at the project or program level in accordance with agreement provisions and various budgetary periods.

All unencumbered and unexpended appropriations lapse at year end for the General Fund. Appropriations do not lapse at year end for Special Revenue Funds. Appropriations for capital projects are carried forward until such time as the project is completed or terminated.

During the fiscal year ended June 30, 2009 there were no General Fund supplemental budget appropriations and there were no additional appropriations against fund balance.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

Note 3. Cash, Cash Equivalents and Investments

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a "qualified public depository" as defined by Statute, or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit, in an "out of state bank," as defined by the Statutes, which is not a "qualified public depository."

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment funds are under the control of the State Treasurer, with oversight provided by the Treasurer's Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

designated surplus reserve, and the value of the position in the pool is the same as the value of the pool shares.

The City pension plan asset allocation parameters are as follows:

Equities	50%
Fixed income securities	48.5%
Cash	1.5%

Deposits

City

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposit policy includes policies on the safety of principal, prudence, and financial dealings with institutions designed to mitigate custodial credit risk. As of June 30, 2009, \$194,120 of the City's bank balance of \$218,379 was uninsured and uncollateralized.

Hartford Parking Authority

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority follows the City's deposit policies which include policies on the safety of principal, prudence, and financial dealings with institutions to mitigate custodial credit risk. As of June 30, 2009, \$116 of the Authority's bank balance of \$386 was uninsured and uncollateralized.

Cash and investments of the City consist of the following at June 30, 2009:

Cash and Cash Equivalents

Deposits with financial institutions	\$	205,426
State of Connecticut Short-Term Investment fund		168,954
Total cash and cash equivalents		<u>374,380</u>

Investments

Non-Major Funds		
U.S. Government Agencies	1,373	*
U.S. Treasury	2,232	*
Corporate Bonds	2,822	*
Foreign Bonds	53	*
Common Stock	6,963	*
Total non-major funds	<u>13,443</u>	

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

Pension Trust Funds:	
U.S. Government Agencies	31,345 *
U.S. Treasury	80,679 *
Corporate Bonds	89,093 *
Foreign Bonds	43,662 *
Municipal Bonds	2,885 *
Asset and Mortgage Backed	5,238 *
Alternative Investments	40,233
Common stock	391,676 *
Other Bonds	8,925 *
Total pension trust funds	693,736
Total investments	707,179
Total cash and investments	\$ 1,081,559

* These investments are uninsured and unregistered, with securities held by the counterparty, but not in the City's or the pension fund's name.

Cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Assets

Cash and cash equivalents	\$ 166,278
Investments	13,443
Total statement of net assets	179,721

Fiduciary Funds:

Cash and cash equivalents	208,102
Investments	693,736
	901,838
Total cash and investments	\$ 1,081,559

Interest rate risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City's and Pension Plan's formal investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's formal investment policy includes asset allocation percentage ranges to assist in limiting interest rate risk.

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

Foreign currency risk: The City's and Pension Plan's formal investment policy limits at any point in time, the exact level of investment in international equities to between seventeen percent and twenty-one percent of the total MERF portfolio. The City's exposure to foreign currency related to equities, fixed income securities and other domestic equities as of June 30, 2009, is as follows:

	Currency	Fair Value
Fixed Income Securities:	Euro Currency Unit	\$ 18,501
	Japanese Yen	16,113
	Australian Dollar	3,319
	Mexican New Peso	1,876
	Other foreign currencies	3,852
Equities:	Japanese Yen	15,016
	Euro Currency Unit	7,362
	British Pound Sterling	1,501
	South Korean Won	1,568
	Hong Kong Dollar	1,217
	Canadian Dollar	1,214
	Singapore Dollar	1,133
	Swiss Franc	2,588
	Other foreign currencies	3,256

Information about the exposure of the City's debt type investments to interest rate risk using the segmented time distribution model is as follows:

Summary of Investments and Interest Rate Risk	Fair Value	Investment Maturities (in Years)				
		N/A	Less Than 1 Year	1-5 Years	5-10 Years	Greater Than 10 Years
Asset and Mortgage Backed	\$ 5,238	\$ -	\$ -	\$ 1,326	\$ 105	\$ 3,807
Foreign Bonds	43,715	-	4,639	10,381	18,175	10,520
U.S. Government Agencies	32,718	246	674	877	3,171	27,750
Other Bonds	8,925	-	14	1,706	2,814	4,391
Municipal Bonds	2,885	-	-	-	-	2,885
U.S. Treasury	82,911	-	690	17,690	29,496	35,035
Corporate Bonds	91,915	-	577	6,638	15,750	68,950
Pooled fixed income	168,954	-	168,954	-	-	-
TOTAL	\$ 437,261	\$ 246	\$ 175,548	\$ 38,618	\$ 69,511	\$ 153,338

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

Credit risk - investments: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The City's and Pension Plan's investment policy further limits its investment choices including prohibiting investments in derivatives that are not used for the specific purposes identified in the City's Funding and Investment Policy Statement. Other prohibited transactions are identified in Article X of the Funding and Investment Policy Statement. The following are the actual ratings by Standard and Poors.

Actual Rating	Asset and Mortgage Backed	Foreign Bonds	U.S. Gov't Agencies	Other Bonds	Municipal Bonds	U.S. Treasury	Corporate Bonds	Pooled Fixed Income
AAA	\$ 3,972	\$ 7,300	\$ 1,373	\$ 394	\$ 682	\$ 82,911	\$ 4,139	\$ 168,954
AA+	180	1,023	-	-	215	-	3,254	-
AA	15	10,871	-	88	482	-	2,739	-
AA-	-	-	-	1,259	307	-	6,271	-
A+	-	12,826	-	1,525	1,013	-	10,173	-
A	5	4,222	-	1,275	186	-	28,887	-
A-	-	137	-	880	-	-	14,997	-
BBB+	-	-	-	1,410	-	-	6,553	-
BBB	436	-	-	739	-	-	6,672	-
BBB-	-	-	-	157	-	-	1,866	-
BB+	-	-	-	144	-	-	229	-
BB	145	-	-	459	-	-	2,295	-
BB-	-	-	-	327	-	-	1,767	-
B+	-	-	-	29	-	-	405	-
B	-	-	-	-	-	-	359	-
B-	-	-	-	-	-	-	250	-
CCC	5	-	-	-	-	-	315	-
CC	-	-	-	2	-	-	149	-
Unrated	480	7,336	31,345	237	-	-	595	-
	<u>\$ 5,238</u>	<u>\$ 43,715</u>	<u>\$ 32,718</u>	<u>\$ 8,925</u>	<u>\$ 2,885</u>	<u>\$ 82,911</u>	<u>\$ 91,915</u>	<u>\$ 168,954</u>

Concentration of Credit Risk - The City's and Pension Plan's investment policy does not allow for an investment in securities that are not readily marketable in any one issuer that is in excess of five percent of the City's total portfolio. Additionally, investment manager guidelines require that investments be broadly diversified so as to limit the impact of large losses in individual investments on the total portfolio.

Custodial Credit Risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the City or that sells investments to or buys them for the City), the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's individual

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

investments in fixed income securities, equities, private equity contracts, other domestic equities, U.S. treasury securities, domestic corporate bonds, and U.S. federal agency securities are uninsured and unregistered securities held by a counterparty, or by its trust department or agent that are not in the City's name. The City's other investments are held in open-end mutual funds which, because they are evidenced by contracts rather than by securities, are not subject to custodial credit risk determination.

Note 4. Receivables

Receivables as of year-end for the City's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Capital Improvement Fund	Community Development Loan and Grant Fund	Educational Grants	Nonmajor and Other Funds	Internal Service Fund	Total Governmental Funds
Receivables							
Taxes	\$ 23,480	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,480
Accrued interest on taxes	8,324	-	-	-	-	-	8,324
Intergovernmental	16,197	38,813	-	1,703	6,310	-	63,023
Accounts	2,687	-	-	-	8,090	460	11,237
Housing loans	-	-	66,349	-	-	-	66,349
Section 108-business loans	-	-	-	-	2,513	-	2,513
Gross receivables	50,688	38,813	66,349	1,703	16,913	460	174,926
Less:							
Allowance for uncollectibles:							
Taxes	(3,968)	-	-	-	-	-	(3,968)
Accrued interest on taxes	(1,123)	-	-	-	-	-	(1,123)
Accounts	-	-	-	-	(1,549)	-	(1,549)
Housing loans	-	-	(20,752)	-	-	-	(20,752)
Total allowance	(5,091)	-	(20,752)	-	(1,549)	-	(27,392)
Net total receivables	\$ 45,597	\$ 38,813	\$ 45,597	\$ 1,703	\$ 15,364	\$ 460	\$ 147,534

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

Note 5. Unearned Revenue/Deferred Revenue

Governmental funds and governmental activities report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds and governmental activities were as follows:

<u>Primary Government Unit</u>	<u>Deferred</u>	<u>Unearned</u>	<u>Total</u>
General Fund:			
Delinquent property taxes	\$ 20,188	\$ -	\$ 20,188
Accrued interest on delinquent property taxes	6,361	-	6,361
School building construction grant receivables	16,197	-	16,197
Other accounts receivable	2,434	-	2,434
Capital Improvement Fund:			
Grant drawdowns prior to meeting all eligibility requirements	-	3,607	3,607
Community Development Loan and Grant:			
Housing loans and interest	45,566	-	45,566
Educational Grants:			
Grant drawdowns prior to meeting all eligibility requirements	-	5,190	5,190
Nonmajor and other funds:			
Grant drawdowns prior to meeting all eligibility requirements and other	2,899	7,410	10,309
Section 108 - business loans	2,274	-	2,274
Total deferred/unearned revenue for governmental funds	<u>\$ 95,919</u>	<u>\$ 16,207</u>	<u>\$ 112,126</u>
<u>Discretely Presented Component Unit</u>			
Parking Authority:			
Other deferred revenues	<u>\$ -</u>	<u>\$ 53</u>	<u>\$ 53</u>

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

Note 6. Interfund Receivables, Payables and Transfers

During the course of operations, transactions are processed through a fund on behalf of another fund. Additionally, revenues received in one fund are transferred to another fund. A summary of interfund balances as of June 30, 2009 is presented below:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 1,965	\$ 412
Capital Improvement	2,582	2,131
Educational Grants	584	360
Internal Service Fund	-	486
Hartford Parking Facilities	478	8
Nonmajor Governmental Funds	-	2,212
	<u>\$ 5,609</u>	<u>\$ 5,609</u>

A summary of interfund transfers is presented below:

	Transfers From Other Funds	Transfers To Other Funds
General Fund	\$ 8,035	\$ 48,466
Capital Improvement Fund	-	933
Debt Service	33,833	-
Nonmajor Governmental Funds	12,385	1,793
Hartford Parking Facilities	2,248	5,309
Total	<u>\$ 56,501</u>	<u>\$ 56,501</u>

Transfers from the General Fund to the Debt Service Fund represent the City's payment toward debt service on bonds outstanding. Transfers from the Hartford Parking Facilities enterprise fund to the General Fund represents a portion of net activity derived from the City's parking facilities. Transfers from the Nonmajor Governmental Funds to the General Fund primarily include net income derived from the City's police private duty services program. Transfers from the General Fund to the Nonmajor Governmental funds include \$8.2 million in support of the City's library program.

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

Note 7. Capital Assets

Capital asset activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 71,340	\$ -	\$ -	\$ 362	\$ 71,702
Construction in progress	557,158	109,650	-	(398,004)	268,804
Total capital assets, not being depreciated	628,498	109,650	-	(397,642)	340,506
Capital assets, being depreciated:					
Land improvements	20,159	1,520	-	1,337	23,016
Buildings	437,298	-	-	376,280	813,578
Other structures	15,165	-	-	5,980	21,145
Furniture and equipment	32,607	1,514	-	-	34,121
Rolling equipment	36,532	2,493	(343)	-	38,682
Infrastructure	410,327	-	(43)	14,045	424,329
Total capital assets being depreciated	952,088	5,527	(386)	397,642	1,354,871
Less accumulated depreciation for:					
Land improvements	(12,114)	(947)	-	-	(13,061)
Buildings	(191,101)	(19,465)	-	-	(210,566)
Other structures	(11,927)	(350)	-	-	(12,277)
Furniture and equipment	(28,778)	(1,203)	26	-	(29,955)
Rolling equipment	(25,318)	(2,141)	311	-	(27,148)
Infrastructure	(212,291)	(7,618)	-	-	(219,909)
Total accumulated depreciation	(481,529)	(31,724)	337	-	(512,916)
Total capital assets, being depreciated, net	470,559	(26,197)	(49)	397,642	841,955
Governmental activities capital assets, net	\$ 1,099,057	\$ 83,453	\$ (49)	\$ -	\$ 1,182,461

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

	Beginning Balance	Additions	Disposals	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 8,428	\$ -	\$ -	\$ 8,428
Total capital assets, not being depreciated	8,428	-	-	8,428
Capital assets, being depreciated:				
Land improvements	29	-	-	29
Parking garages	70,218	-	(230)	69,988
Other Structures	-	3,202	-	3,202
Furniture, fixtures and equipment	260	12	-	272
Total capital assets, being depreciated	70,507	3,214	(230)	73,491
Less accumulated depreciation for:				
Land improvements	(9)	(1)	4	(6)
Parking garages	(13,272)	(2,024)	101	(15,195)
Other Structures	-	(320)	-	(320)
Furniture, fixtures and equipment	(63)	(54)	-	(117)
Total accumulated depreciation	(13,344)	(2,399)	105	(15,638)
Total capital assets, being depreciated, net	57,163	815	(125)	57,853
Business-type activities capital assets, net	\$ 65,591	\$ 815	\$ (125)	\$ 66,281

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General government	\$ 831
Public safety	1,958
Public works	10,236
Development and community affairs	831
Human services	156
Education	16,738
Recreation and culture	974
Total depreciation expense – governmental activities	<u>\$ 31,724</u>
Business-type activities:	
Hartford Parking facilities	<u>\$ 2,399</u>

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

Construction Commitments

The City has the following authorized construction projects in the Capital Improvement Fund as of June 30, 2009. The projects include building construction and facility improvements, land and structure improvements to parks and cultural facilities, transportation improvement projects, and other capital improvement projects.

At year-end, the City's encumbrances and commitments with contractors are as follows:

	Cumulative Appropriations	Cumulative* Disbursements	Encumbrances* and Commitments	Unencumbered Balance
Public works - facilities	\$ 49,487	\$ 16,487	\$ 2,771	\$ 30,229
Public safety - facilities	90,900	20,424	1,312	69,164
Recreation and culture projects	98,110	73,861	7,482	16,767
Education projects	860,741	538,406	55,248	267,087
Public works - infrastructure	102,878	72,671	8,277	21,930
Local capital improvement projects	13,177	8,637	687	3,853
	<u>\$ 1,215,293</u>	<u>\$ 730,486</u>	<u>\$ 75,777</u>	<u>\$ 409,030</u>

* Excludes retainage payable recorded in the financial statements in the amount of \$2.1 million at June 30, 2009.

Note 8. Leases

Operating leases

Lease Agreements as Lessor

The City leases certain building, land, and air space rights under operating leases. The agreements provide for minimum annual rentals plus contingent rentals based on a percentage of cash flow from the properties.

The total rental income from operating leases during 2009 amounted to \$2.7 million. The cost of the buildings and land associated with these rental income amounts is estimated at \$32.8 million with a carrying value of \$20.1 million. Depreciation expense related to these properties was \$616 thousand during the year.

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

Lease Agreements as Lessee

The City entered into a 10 year lease commencing in 2001 for the rental of office and storage space from the Hartford Downtown Revival, LLC for the Board of Education. Future minimum lease payments are \$834 per year through Fiscal Year 2010.

The City entered into a 15 year lease commencing on July 1, 2002 for the rental of office space from the Connecticut Constitution Associates, LLC for the various City departments and agencies. At the beginning of year six and year eleven, the base rent will be increased by an amount equal to the product of the base rent times 100% of the percentage increase, if any, of the CPI over the CPI at the commencement date or the first day of the sixth lease year, as the case may be. Future minimum lease payments are projected as follows.

2010-2017	\$1,000*
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* Annual lease payment without consideration of potential increases resulting from the change in the CPI in the eleventh year of the fifteen year lease.

In addition to the base rent, the City pays a proportionate share of the landlord's operating expenses and real estate taxes. During the fiscal year ended June 30, 2009, base rent and additional rent amounted to \$1,623.

The City entered into a seven-year lease commencing in 2005 for the rental of a building at 875 Asylum Avenue for use as a Board of Education administration building and as additional classroom space for West Middle School. Future minimum lease payments are projected as follows:

2010	\$ 293
2011	293
2012	293

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

Note 9. Long-Term Debt

Governmental Activities

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2009, was as follows:

	Beginning Balance	Additions/ Transfers	Disposals/ Transfers	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 276,140	\$ 40,225	\$ (20,520)	\$ 295,845	\$ 19,150
Less: deferred issue costs, premiums and loss on refundings	(230)	-	78	(152)	-
Total bonds payable	<u>275,910</u>	<u>40,225</u>	<u>(20,442)</u>	<u>295,693</u>	<u>19,150</u>
Compensated absences	31,523	17,447	(16,501)	32,469	16,490
HUD Section 108 loans	2,845	1,103	(1,470)	2,478	1,373
Capital leases	9,278	1,700	(2,836)	8,142	3,235
CWF Serial Note	1,825	-	(80)	1,745	81
Net OPEB obligation	16,175	11,991	-	28,166	-
Net pension obligation	6,747	-	(1,161)	5,586	-
Risk management claims	35,083	74,737	(80,470)	29,350	12,950
Total capital assets being depreciated	<u>103,476</u>	<u>106,978</u>	<u>(102,518)</u>	<u>107,936</u>	<u>34,129</u>
Total governmental activities long-term liabilities	<u>\$ 379,386</u>	<u>\$ 147,203</u>	<u>\$ (122,960)</u>	<u>\$ 403,629</u>	<u>\$ 53,279</u>

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

General Obligation Bonds

General obligation bonds represent long-term indebtedness backed by the full faith and credit of the City and are comprised of the following groups of issues:

Date of Issue	Interest Rate (%)	Original Amounts	Maturity Dates	Annual Payment	Balance June 30, 2009
November 1998	4.00-5.00	\$ 25,649	2018	\$ 1,425	\$ 14,249
June 2000	5.00-6.00	19,001	2010	1,001	1,001
May 2001	4.25-5.50	23,000	2015	1,150	6,900
March 2003	4.25-5.25	30,225	2016	1,250-2,340	17,350
July 2004	3.50-5.50	34,000	2023	1,600-1,800	26,800
June 2005	4.50-5.00	29,510	2020	1,050-3,600	29,510
June 2005	3.00-5.00	32,300	2024	1,700	27,200
June 2006	4.00-5.00	70,000	2025	3,685	62,645
June 2007	4.00-5.25	70,000	2026	3,680-3,685	66,315
February 2009	2.50-5.00	40,225	2022	2,115-2,120	40,225
March 1972	5.10	2,750	2012	750	750
December 1972	5.00	1,500	2012	500	500
February 1993	4.90-5.62	7,200	2013	600-1,200	2,400
					<u>\$ 295,845</u>

The annual requirements to amortize all bonded debt outstanding as of June 30, 2009 are as follows:

Year Ended June 30,	Principal	Interest	Total
2010	\$ 19,150	\$ 13,682	\$ 32,832
2011	21,265	12,879	34,144
2012	21,260	11,862	33,122
2013	21,010	10,822	31,832
2014	20,280	9,836	30,116
2015-2019	94,335	35,076	129,411
2020-2024	67,860	15,487	83,347
2025-2028	30,685	2,541	33,226
	<u>\$ 295,845</u>	<u>\$ 112,185</u>	<u>\$ 408,030</u>

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

Clean Water Fund - Serial Notes Payable

The City has entered into a Clean Water Fund serial note payable to the State of Connecticut as part of a tower brook conduit extension project administered by the Metropolitan District. Principal in the amount of \$80 and interest in the amount of \$36 was paid in the 2008-09 fiscal year. Future annual requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2010	\$ 81	\$ 34	\$ 115
2011	83	33	116
2012	85	31	116
2013	86	29	115
2014	88	27	115
2015-2019	468	110	578
2020-2024	518	60	578
2025-2028	336	10	346
	<u>\$ 1,745</u>	<u>\$ 334</u>	<u>\$ 2,079</u>

In previous years the City has defeased general obligation bonds by placing the proceeds of the new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. At June 30, 2009, the following bonds outstanding are considered defeased:

Year of Original Issue	Date Refunded	Refunded Amount	Defeased Balance
1998	06/01/2005	\$ 13,185	\$ 13,185
2000	06/01/2005	10,000	10,000
2001	06/01/2005	6,900	6,900
2000	04/01/2005	31,285 *	29,570

* Morgan Street Garage Revenue Bonds

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

The City's indebtedness (\$503 million) does not exceed the legal debt limitation as required by the Connecticut General Statutes as reflected in the following schedule:

Category	Debt Limit	Net Indebtedness	Balance
General purpose	\$ 567,054	\$ 335,654	\$ 231,400
Schools	1,134,108	126,103	1,008,005
Sewer	945,090	41,496	903,594
Urban renewal	819,078	-	819,078
Pension deficit	756,072	-	756,072

The total overall statutory debt limitation for the City is equal to seven times annual receipts from taxation (\$1.8 billion).

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which debt is issued and outstanding. School building grants totaling \$16.0 million are applicable to outstanding bond issues. It is estimated that an additional \$205.5 million of authorized education project costs will be funded through State of Connecticut progress payments.

Total bonds authorized and unissued as of June 30, 2009 were:

Description	Authorized/ Unissued
General Purpose	\$ 135,021
Schools	85,942
Sewers	578
Total	\$ 221,541

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

Housing and Urban Development (HUD) Section 108 Loans

Year Ended June 30,	Principal	Interest	Total
2010	\$ 160	\$ 49	\$ 209
2011	173	45	218
2012	190	40	230
2013	203	33	236
2014	215	26	241
2015-2019	1,537	28	1,565
	<u>\$ 2,478</u>	<u>\$ 221</u>	<u>\$ 2,699</u>

Capital Leases

The City has entered into multi-year capital leases for the purchase of various vehicles and equipment. Principal payments for 2009 were \$2,836. The following is a summary of capital lease commitments as of June 30, 2009:

Year Ended June 30,	Amount
2010	\$ 3,562
2011	2,333
2012	1,985
2013	947
Total lease payments	<u>8,827</u>
Less: amount representing interest	<u>685</u>
Present value of minimum lease payments	<u>\$ 8,142</u>

The City originally issued \$13,514 in capital lease financing agreements to purchase vehicle and equipment capital assets. The net undepreciated value approximates the principal balance payable of \$8,142 at June 30, 2009.

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

Compensated Absences

Employees can accumulate additional amounts of unused vacation and sick leave (as determined by individual union contracts) until termination of their employment. At termination pay-out provisions as determined by individual union contract provides for payments to vested employees net of provisions to exchange selected amounts of accumulated sick time for pension service years. Payments to employees are appropriated from the General Fund.

The following is a summary of management's estimate of vested and non-vested potential liability for lump sum payments to employees.

	June 30, 2009
Vested:	
Sick	\$ 12,298
Vacation	12,478
Nonvested:	
Sick	7,693 *
Total	<u>\$ 32,469</u>

* Based on estimated percentage of total non-vested obligation that potentially will vest in future years.

Business-Type Activities

Changes in Long-Term Liabilities

Long-term liabilities for the year ended June 30, 2009, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance	Due Within One Year
Business-Type Activities:					
General obligation bonds	\$ 31,965	\$ -	\$ 1,255	\$ 30,710	\$ 1,305
Less deferred amounts on refunding	(2,348)	-	(236)	(2,112)	-
Total bonds payable	<u>\$ 29,617</u>	<u>\$ -</u>	<u>\$ 1,019</u>	<u>\$ 28,598</u>	<u>\$ 1,305</u>

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

The annual requirements to amortize all general obligation bond debt outstanding as of June 30, 2009 are as follows:

Year Ended June 30,	Principal	Interest	Total
2010	\$ 1,305	\$ 1,453	\$ 2,758
2011	1,365	1,398	2,763
2012	1,425	1,341	2,766
2013	1,485	1,273	2,758
2014	1,565	1,197	2,762
2015-2019	9,125	4,674	13,799
2020-2024	11,745	2,057	13,802
2025-2027	2,695	61	2,756
	<u>\$ 30,710</u>	<u>\$ 13,454</u>	<u>\$ 44,164</u>

General obligation bonds represent long-term indebtedness backed by the full faith and credit of the City. Parking facility bonds recorded in the Hartford Parking facilities enterprise fund are comprised of the following:

Morgan Street Garage - Refunding bonds issued 2005; final maturity August 1, 2024;
interest at 3.0% to 5.5%

\$ 30,710

Bond Anticipation Notes

\$10,000 of bond anticipation notes were issued in April 2009 to finance various school projects. The notes mature April 2010.

Subsequent Event

In September 2009, the City issued \$12,150 in general obligation refunding bonds; \$5,000 in bond anticipation notes due in April 2010; and \$35,000 in grant anticipation notes due in April 2010.

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

Note 10. Fund Balances

The following is a description of various reserve accounts used to indicate that a portion of equity is legally segregated for a specific purpose and is unavailable for appropriation:

Fund balance

Reserved for Encumbrances and Commitments - represents outstanding purchase orders at year end on contracts.

Reserved for Housing Assistance - represents the amount of funds accumulated in the Section 8 fund used to provide housing assistance to qualified individuals.

Reserved for Inventory - the balance of inventory accounts has been reserved to indicate that the portion of fund balance represented is not available for appropriation or expenditure.

Reserved for Trusts - represents the amount of funds accumulated in Other Governmental Funds to pay for specific government programs.

Fund balance reserves are as follows:

	General Fund	Capital Improvement Fund	Other Governmental Funds
Encumbrances and commitments	\$ 95	\$ 70,972	\$ 5,496
Housing assistance	-	-	4,384
Inventory	-	-	316
Trusts	-	-	18,045
Total	<u>\$ 95</u>	<u>\$ 70,972</u>	<u>\$ 28,241</u>

Deficit fund equity

Nonmajor Funds:

Hartford Public Library \$ 21

Internal Service Funds:

Employee Benefits 2,091

Workers' Compensation 15,741

Liability and Property Damage 6,628

\$ 24,481

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

Note 11. Risk Management

The City has established a risk management program (Internal Service Funds) to account for and finance its uninsured risks of loss for employee benefits, workers' compensation, and liability and property damage. Under this program, the fund provides coverage for up to a maximum of \$250 thousand in health insurance claims for each individual per claim year, \$1 million for each worker's compensation claim, \$500 thousand for each auto and general liability claim, \$100 thousand for each property damage claim and \$150 thousand per occurrence for public officials' claims. The City purchases commercial insurance for claims in excess of coverage provided by the fund and for all other risks of loss. Settled claims have not exceeded either the self insured retention or the commercial coverage in any of the past three fiscal years. Workers' compensation salary continuation is paid from the employee's respective department budget.

The General Fund makes payments to the Self Insurance Fund based on actuarial or underwriting estimates of the amounts needed to pay current-year claims and administrative expenses and to maintain a reserve for unanticipated and future losses. The claims liability of \$29.4 million, reported in the fund at June 30, 2009 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the Fund's claims liability amount in fiscal years 2009 and 2008 were:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Fiscal Year Liability
Self-Insurance Fund:				
2007-2008	\$ 34,390	\$ 90,994	\$ 90,301	\$ 35,083
2008-2009	35,083	74,737	80,470	29,350

Note 12. Commitments and Contingencies

Contractual commitments

On June 30, 1982, the City entered into a service agreement with the Connecticut Resources Recovery Authority (CRRA) to which it is obligated to deliver a minimum tonnage of fifty-five thousand tons per year of solid waste for processing. The service fee is subject to annual revision based on the net cost of operating the facility. Pursuant to its terms, the service agreement pledges the full faith and credit of the City for payment of the service fees. The service agreement expires in 2012.

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

Statutory commitments

The City is a member of the Metropolitan District (a quasi-municipal corporation that provides water supply and sewerage collection and disposal facilities for members), and is contingently liable for \$38.2 million or 27.6% of the debt of the District.

Contingencies

The City, its officers and employees, are defendants in numerous lawsuits. The City is insured for damages, subject to a \$500,000 deductible (see Note 11). Judgments or settlements for less than the deductible are paid from the General Fund. Corporation Counsel expects that none of the cases currently in litigation, if adversely decided, would have a negative impact on the finances of the City. In the opinion of the Corporation Counsel, there are no claims or litigation pending or to his knowledge threatened which, individually or in the aggregate, will or may result in final judgments against the City which would have a material adverse effect on the finances of the City.

Note 13. Other Postemployment Benefits

The City, in accordance with various collective bargaining agreements, is committed to provide health and other benefits to eligible retirees and their spouses. Benefits are established and amended through negotiations between the City and the various unions representing City employees. The City pays the full cost of life insurance premiums. The percentage contribution of employees and retirees for medical benefits are negotiated with the various unions representing the employees. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts towards the cost of receiving benefits under the City's self-insured medical benefits program. The City provides post-retirement benefits through a single-employer defined benefit plan. The post-retirement plan does not issue stand-alone financial reports.

Funding policy

The City currently funds claims and administrative costs for postemployment benefits through its self-insured internal service fund. The City's OPEB committee is evaluating various funding options to enable the City to implement a funding strategy that will balance the budgetary impact of irrevocably segregating assets in a trust fund with the City's commitment to meet the funding requirements of the actuarial accrued liability. The City anticipates a commitment to fund the normal cost and a long-term approach to the amortization of the actuarial accrued liability.

The City has not implemented a trust fund, as of June 30, 2009, to irrevocably segregate assets to fund the liability associated with postemployment benefits, which would require the reporting of a trust fund in accordance with GASB guidelines.

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

The following is the current census of City benefit participants as of July 1, 2008:

	<i>(not rounded)</i>
Active members	5,321
Retirees and spouses	<u>3,639</u>
Total	<u><u>8,960</u></u>

Postemployment retiree benefit payments for the year ended June 30, 2009, net of retiree and other contributions, amounted to \$12,862.

Annual OPEB Cost and Net OPEB Obligations

The City of Hartford's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of future events. Assumptions include future employment, mortality, and healthcare and other benefit cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future.

The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation (asset):

	Other Post- Employment Benefits (OPEB)
Annual required contribution (ARC)	\$ 24,500
Interest on net OPEB obligation	1,277
Adjustment for Net OPEB obligation	<u>(924)</u>
Annual OPEB cost	24,853
Contributions made	<u>12,862</u>
Increase in net OPEB obligation	11,991
Net OPEB obligation, beginning of year	<u>16,175</u>
Net OPEB obligation, end of year	<u><u>\$ 28,166</u></u>

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal year ended June 30, 2008 and 2009 is presented below.

Fiscal Year Ending	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
06/30/08	\$31,600	\$15,425	48.8%	\$16,175
06/30/09	24,853	12,862	51.8%	28,166

Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2008 actuarial valuation, the entry age normal cost method was used, applied as an effective annual rate over the plan lifetime in valuation computations.

An annual healthcare cost blended trend rate of 8.3% is used as of July 1, 2008, decreasing approximately 1% per year to an ultimate rate of 5% for 2012 and later. The remaining amortization period at July 1, 2008 was 30 years open. As of July 1, 2008, the most recent actuarial valuation date, the plan was 0% funded. The trend for dental is 5% per annum. In addition, a 3% inflation rate was used.

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

The schedule of funding progress, presented below, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

SCHEDULE OF FUNDING PROGRESS						
Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded Accrued Liability (UAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
07/01/08	\$ -	\$ 302,988	\$ 302,988	0.0%	N/A	N/A

Note 14. Employee Retirement Systems and Pension Plans

There are four defined benefit pension plans for employees of the City of Hartford. Two are single-employer plans, one is a cost sharing multiple-employer plan with the State of Connecticut, and one is a plan with the State of Connecticut for certified teachers at the Board of Education in which the City is a noncontributing employer.

The two single employer plans are administered by the City. The plans provide retirement, disability and survivorship benefits for all retired employees, in accordance with provisions which are subject to bargaining with unions representing most of the employees. The City provides retirement benefits for employees hired since 1947, through the City MERF, a contributory, defined benefit plan. Employees hired before the current City MERF went into effect on May 1, 1947 are paid from an unfunded program known as the RAF/PBF/FRF Plan. There are no remaining active members and the unfunded liability is decreasing rapidly.

An actuarial valuation survey is made annually on the City Municipal Employees' Retirement Fund (City MERF) and the Section 415 Plan, and at least every five years for the RAF/PBF/FRF Plan.

The City also administers an excess benefit plan established to fund that portion of certain retirees' pension benefits that exceed the limits permitted under Section 415 of the Federal Internal Revenue Code (IRC).

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

City of Hartford Municipal Employees' Retirement Fund (City MERF)

Plan Description

The City MERF is considered to be part of the City of Hartford's financial reporting entity and is included in the City's financial statements, as a pension trust fund. Individual stand-alone statements are not issued.

The City MERF was established as part of the City Charter.

As of the actuarial valuation date, July 1, 2008, City MERF membership consisted of:

	<i>(not rounded)</i>
Retirees and beneficiaries currently receiving benefits	2,664
Terminated employees entitled to benefits but not yet receiving them	136
Active plan members	<u>2,671</u>
Total	<u><u>5,471</u></u>

The City provides retirement benefits, for employees hired since May 1, 1947, through the City MERF, a single employer, contributory defined benefit plan. Under the Plan, all full-time employees, except teachers and members of certain union groups who have elected to join the State Municipal Employees' Retirement Fund (State MERF-B), are eligible. Employees are 100 percent vested after 5 or 10 years of service depending on the covered group. If an employee leaves covered employment or dies before becoming vested, accumulated employee contributions are returned with interest.

Summary of Significant Accounting Policies, Plan Changes and Plan Asset Matters

Basis of Accounting: City MERF financial statements are prepared using the accrual basis of accounting. Employee contributions are recognized as revenues in the period in which employee services are performed and are due. Employer contributions to the plan are recognized when due and the City has made a formal commitment to provide the contributions. Benefit payments and refunds are payable when due and payable in accordance with the terms of the Plan. Investments are reported at fair value.

In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In governmental activities, expense is recognized based on actuarially required contributions. The net pension obligation (asset), the cumulative difference between annual pension cost and the City's contributions to the plans since 1986, is calculated on an actuarial basis consistent with the requirements of Government Accounting Standards Board Statement No. 27. The

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

pension obligation (asset) is recorded as a noncurrent liability (asset) in the government-wide financial statements.

Plan Changes

The valuation reflects ad hoc cost of living increases granted to eligible retirees effective July 1, 2007 and other plan provision changes for the Municipal Lawyer's Association and Local 818. Plan provision changes had a minimal impact on plan costs.

The July 1, 2008 actuarial valuation reflects changes in vesting and employee contribution rates.

There were no investments in, loans to or leases with any City MERF official, City of Hartford official, party related to a City MERF official or City of Hartford official, or organization included in the City of Hartford reporting entity.

Funding Policy

Sworn police officers hired before July 1, 1999 and firefighters are required to contribute 8% of pay. Sworn police officers hired after June 30, 1999 are required to contribute 6.5% of pay. Non-sworn police employees are required to contribute 4% of social security-taxed wages and 7% above the social security-taxed level. Board of Education and General Government employees contribute between 3% and 10.14% of social security-taxed wages and between 6% and 13.14% of wages above the social security-taxed level, depending on their union or non-union grouping. The City is required to contribute the remaining amounts necessary to finance the coverage for its employees. Benefits and contributions are established by the City and may be amended only by the City Council through union negotiation.

Annual Pension Cost and Net Pension Obligations

The City's annual pension cost and net pension obligation to the City MERF for the current year was as follows:

Annual required contribution, July 1, 2008 valuation	\$	11,797
Interest on net pension obligation		540
Adjustment to annual required contribution		(669)
Annual pension cost		<u>11,668</u>
Contributions made		<u>12,829</u>
Decrease in net pension obligation		<u>(1,161)</u>
Net pension obligation, beginning of year		<u>6,747</u>
Net pension obligation, end of year	\$	<u><u>5,586</u></u>

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal and contractual funding limitations.

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

The annual required contribution for the current year was determined as part of the MERF actuarial valuation dated July 1, 2008. The actuarial method and assumptions used in the July 1, 2008 valuation are presented below:

Valuation date	7/1/08
Actuarial Method	Aggregate Actuarial Cost Method
Amortization Method	Level Dollar Amount
Remaining Amortization Method	17.84 years – open period
Asset Valuation Method	Four-year smoothed market value
Actuarial assumptions:	
Investment rate of return	8.00%
Projected salary increases	Projected salary which vary by age and group
Inflation Rate	3.00%
Cost of Living Adjustments	None

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation
06/30/07	\$15,105	\$16,481	109%	\$10,172
06/30/08	\$13,159	\$16,584	126%	\$6,747
06/30/09	\$11,668	\$12,829	110%	\$5,586

The aggregate actuarial cost method that is used for calculating the annual required contribution does not separately identify unfunded actuarial accrued liabilities. Rather, it effectively amortizes them over the average remaining life of active plan members, as part of normal cost. The aggregate actuarial cost method (first adopted for the 1969 valuation) is used for determining the funding requirements for the City MERF.

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

The Schedule of Funding Progress represented below has been developed using the entry age normal cost method as of July 1, 2007 for the City's MERF.

SCHEDULE OF FUNDING PROGRESS							
Actuarial Valuation	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded/ (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll	
07/01/08*	\$ 1,123,379	\$ 1,099,441	\$ (23,938)	102.2%	\$ 139,243	17.2%	

- * Subsequent to the most recent actuarial valuation date, certain economic events have had a significant adverse impact on investment portfolios. As such, these market downturns may have a significant effect on the funded ratio and on future contributions.

Historical Trend Information – The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

RAF/PBF/FRF Plan

Plan Description

As discussed above, the City pays retirement and survivor benefits to pensioners under an unfunded program basis which covered City employees hired before the current City MERF went into effect on May 1, 1947. These programs are combined into one pension trust fund for reporting in the City's financial statements. Individual stand-alone financial statements are not issued. The unfunded liability for this Plan is decreasing rapidly and has no remaining active members.

There are 261 (not rounded) retirees covered by this plan as of the actuarial valuation dated July 1, 2004.

Summary of Significant Accounting Policies and Plan Asset Matters

The annual required contribution (ARC) and the annual pension cost represent the actual benefits paid during the year. The annual required contribution is based upon actuarial calculations. The Plan was closed to new members on May 1, 1947 and there are no remaining active members. The unfunded liability for this Plan is rapidly decreasing. The City has determined that the Plan did not have a net pension obligation (NPO) as calculated in accordance with the transition requirements of GASB Statement No. 27. All contributions since the transition have been made in accordance with the actuarial required contribution and are based upon actuarially sound funding methodology.

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

Funding Policy

Funds are budgeted in the General Fund to cover pension benefits paid each year. Annual contributions are equal to the annual benefit payments. Retired policemen contribute 1% of pension payments. Benefits and contributions were established by City Charter and are not subject to amendment.

Annual Pension Cost and Net Pension Obligation

The City's annual pension cost, which is equal to the annual benefit payments, for the current year amounted to \$1.8 million. The Plan did not have a net pension obligation as of June 30, 2009.

The actuarial method and assumptions are presented below:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	N/A
Remaining Amortization Method	Closed – no amortization period
Actuarial assumptions:	
Investment rate of return	8.00%
Projected salary increases	None
Inflation Rate	3.00%
Cost of Living Adjustments	None

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation
06/30/07	\$1,757	\$1,757	100%	\$-0-
06/30/08	\$1,967	\$1,967	100%	\$-0-
06/30/09	\$1,770	\$1,770	100%	\$-0-

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

The actuarial accrued liability is the calculated present value of expected payments to be made from this Plan.

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL)*	Unfunded/ (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
* 07/01/08	\$ -	\$ 7,700	\$ 7,700	0.0%	N/A	N/A

* Based on July 1, 1999 and July 1, 2004 full valuations, adjusted for deaths.

City of Hartford 415 (m) Fund

Plan Description

This plan currently covers five (5) retirees and no active employees as of June 30, 2009 and is administered by the City. This unfunded plan is an excess benefit plan and was adopted by the Common Council on March 24, 1997. The plan was established to fund that portion of certain retirees' pension benefits that exceed the limits permitted under Section 415 of the Federal Internal Revenue Code (IRC).

Funding Policy

Funds are budgeted in the General Fund to cover pension benefits paid each year. Annual contributions are equal to the annual benefit payments. The Plan was adopted on March 24, 1997 and there are no active members. The unfunded liability for this Plan is rapidly decreasing. Since the effective date for the plan was March 24, 1997, the Plan did not have a net pension obligation (NPO) as calculated in accordance with the transition requirements of GASB Statement No. 27. Benefits and contributions were established by City Charter and are not subject to amendment.

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

Annual Pension Cost and Net Pension Obligation.

The City's annual pension cost, which is equal to the annual benefit payments, for the current year amounted to \$50. The Plan does not have a net pension obligation. The City's annual pension cost is equal to the actual contribution made (annual benefit payments).

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar
Remaining Amortization Method	Closed – no amortization period
Actuarial assumptions:	
Investment rate of return	8.00%
Projected salary increases	None
Inflation Rate	3.00%
Cost of Living Adjustments	None

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation
06/30/07	\$53	\$53	100%	\$-0-
06/30/08	\$61	\$61	100%	\$-0-
06/30/09	\$50	\$50	100%	\$-0-

The actuarial accrued liability is the calculated present value of the expected payments to be made for this unfunded plan.

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL)	Unfunded/ (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
07/01/08	\$ -	\$ 213	\$ 213	0.0%	N/A	N/A

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

State MERF-B

Members of City AFSCME Local 1716 and members of Local 566, which consisted of 639 members on June 30, 2009, participate in the Municipal Employees' Retirement Fund (MERF), a cost-sharing multiple-employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to the employees and beneficiaries of participating municipalities. Chapter 113 Part II of the General Statutes of Connecticut, which can be amended by legislative action, establishes PERS benefits, member contribution rates, and other plan provisions. MERF is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106 or by calling 860-702-3480.

Funding Policy - Plan members are required by State Statute to contribute 2-1/4% of earnings upon which Social Security tax is paid plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute at an actuarially determined rate. The contribution requirements of the City are established and may be amended by the State Retirement Commission. Total contributions to MERF for the years ended June 30, 2009, 2008 and 2007 were \$2.9 million, \$3.1 million and \$3.4 million, respectively, equal to the City's required contributions for each year.

Teachers' Retirement System

All City of Hartford certified teachers participate in the State of Connecticut Teachers' Retirement System, a cost-sharing multiple-employer public employee retirement system (PERS), established under Section 10.183 of the General Statutes of the State of Connecticut. A teacher is eligible to receive a normal retirement benefit if he or she has: (1) attained age sixty and has accumulated twenty years of credited service in the public schools of Connecticut, or (2) attained any age and has accumulated thirty-five years of credited service, at least twenty-five years of which are service in the public schools of Connecticut.

The Board of Education withholds 7.25% of all teachers' annual salaries, \$9.8 million in fiscal year 2009, and transmits the funds to the State Teachers' Retirement Board.

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of actuarially computed unfunded liability. The City does not have any liability for teacher pensions. For the year ended June 30, 2009 the City has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$20.9 million as payments made by the State of Connecticut on-behalf of the City.

The State of Connecticut Teacher Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

Pension Trust Funds

The City maintains two pension trust funds (Municipal Employees' Retirement Fund and the RAF/PBF/FRF) to account for its fiduciary responsibility. The following schedules present the net assets held in trust for pension benefits at June 30, 2009 and the changes in net assets for the year then ended.

	Municipal Employee's Retirement Fund	RAF/PBF FRF Plan	Total Trust Funds
ASSETS			
Cash and cash equivalents	\$ 207,453	\$ 40	\$ 207,493
Investments:			
U.S. Treasury	80,679	-	80,679
Alternative Investments	40,233	-	40,233
Common Stock	391,676	-	391,676
Corporate Bonds	89,093	-	89,093
Foreign Bonds	43,662	-	43,662
Asset and Mortgage Backed	5,238	-	5,238
U.S. Government Agencies	31,345	-	31,345
Other Bonds	8,925	-	8,925
Municipal Bonds	2,885	-	2,885
Accrued investment earnings	3,545	-	3,545
Loan receivable	1,800	-	1,800
Total assets	906,534	40	906,574
LIABILITIES			
Accounts payable and accrued liabilities	122	-	122
Net settlement due on investments purchased/sold	38,792	-	38,792
Total liabilities	38,914	-	38,914
Net Assets Held in Trust for Pension Benefits	\$ 867,620	\$ 40	\$ 867,660

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

	Municipal Employee's Retirement Fund	RAF/PBF/FRF Plan	Total Trust Funds
Addition			
Contributions:			
Employer - ARC	\$ 12,829	\$ 1,770	\$ 14,599
Employer - other	940	-	940
Plan members	8,328	-	8,328
Total contributions	22,097	1,770	23,867
Investment Income (Loss):			
Net depreciation in fair value of investments	(170,073)	-	(170,073)
Interest and dividends	21,323	-	21,323
Total investment loss	(148,750)	-	(148,750)
Less investment expense	3,238	-	3,238
Net investment loss	(151,988)	-	(151,988)
Deductions			
Benefits	80,954	1,770	82,724
Administration	2,231	-	2,231
Other	636	-	636
Total deductions	83,821	1,770	85,591
Net decrease	(213,712)	-	(213,712)
Net Assets Held in Trust for			
Pension Benefits			
Beginning of year	1,081,332	40	1,081,372
End of year	\$ 867,620	\$ 40	\$ 867,660

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

Note 15. Pronouncements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2009 that have effective dates that may impact future financial presentations. Management is currently assessing the impact, if any, that the adoption of these standards will have on future financial statements of the City.

- ♦ GASB Statement No. 51, Accounting and Financial Reporting for Intangible Assets will be implemented by the City as required by the GASB during the fiscal year ending June 30, 2010. The statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. The statement also provides authoritative guidance that specifically addresses the nature of these intangible assets.
- ♦ GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments will be implemented by the City as required by the GASB during the fiscal year ending June 30, 2010. The statement is intended to improve how state and local governments report information about derivative instruments – financial arrangements used by governments to manage specific risks or make investments – in their financial statements.
- ♦ GASB Statement Number 54, Fund Balance Reporting and Governmental Fund Type Definitions will be implemented by the City as required by the GASB during the fiscal year ending June 30, 2011. This statement establishes accounting and financial reporting standards for all governments that report governmental funds. This statement establishes the criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types. The implementation of this statement will result in changes to the classification of fund balances in the City's governmental funds.
- ♦ GASB Statement Number 56, Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards will be implemented by the City as required by the GASB during the fiscal year ending June 30, 2010. This Statement establishes accounting and financial reporting standards for related party transactions, subsequent events, and going concern considerations for all state and local governments. The implementation of this statement will not result in any change to the financial statements.

**Required Supplementary
Information**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF GENERAL FUND REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL

(NON-GAAP BASIS) - GENERAL FUND

For the Year Ended June 30, 2009

(In Thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
GENERAL PROPERTY TAX				
Current year's levy	\$ 239,289	\$ 239,289	\$ 231,983	\$ (7,306)
Levy of prior years	8,650	8,650	4,577	(4,073)
Interest and liens	3,000	3,000	3,062	62
Proceeds from lien sales	1,000	1,000	10,120	9,120
Total general property tax	251,939	251,939	249,742	(2,197)
OTHER LOCAL TAXES				
Business taxes	2,300	2,300	926	(1,374)
LICENSES, PERMITS, FEES AND OTHER				
Street use	2	2	25	23
Business Licenses:				
Health licenses	400	400	319	(81)
Police and protection licenses	45	45	47	2
Professional and occupational licenses	7	7	7	-
Total business licenses	452	452	373	(79)
Non-Business Licenses and Permits:				
Building structure and equipment permits	8,414	8,414	7,439	(975)
Other non-business licenses and permits	45	45	53	8
Total non-business licenses and permits	8,459	8,459	7,492	(967)
Total licenses and permits	8,913	8,913	7,890	(1,023)
FINES, FORFEITS AND PENALTIES	231	231	265	34
REVENUE FROM USE OF MONEY AND PROPERTY				
Income from investments	3,075	3,075	201	(2,874)
Income from use of property	887	887	808	(79)
Income from development properties	3,328	3,328	3,388	60
Total revenue from use of money and property	7,290	7,290	4,397	(2,893)

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF GENERAL FUND REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL

(NON-GAAP BASIS) - GENERAL FUND, Continued

For the Year Ended June 30, 2009

(In Thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
INTERGOVERNMENTAL REVENUE				
Federal Government - FEMA	200	200	30	(170)
State of Connecticut:				
Education	194,794	194,794	194,323	(471)
Housing	-	-	512	512
Public Works	611	611	613	2
Elderly Services	368	368	343	(25)
Mashantucket Pequot Fund	9,984	9,984	9,843	(141)
Payment in Lieu of Taxes	41,164	41,164	42,969	1,805
Shared Taxes	213	213	337	124
Other	-	-	85	85
Total State of Connecticut	247,134	247,134	249,025	1,891
Total intergovernmental revenue	247,334	247,334	249,055	1,721
CHARGES FOR SERVICES				
General Government:				
Court costs, fees and changes	12	12	-	(12)
Recording legal instruments	522	522	311	(211)
All other	1,373	1,373	902	(471)
Total general government	1,907	1,907	1,213	(694)
Public Safety:				
Police charges	275	275	264	(11)
Fire protection services	329	329	224	(105)
Total public safety	604	604	488	(116)
Public Works:				
Highways and streets	-	-	16	16
Sanitation	407	407	156	(251)
Total public works	407	407	172	(235)

(Continued)

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF GENERAL FUND REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL

(NON-GAAP BASIS) - GENERAL FUND, Continued

For the Year Ended June 30, 2009

(In Thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
CHARGES FOR SERVICES, Cont'd.				
Other:				
Health	22	22	6	(16)
Social services	5	5	-	(5)
Education	4	4	-	(4)
Recreation	8	8	10	2
Miscellaneous	126	126	72	(54)
Total other	165	165	88	(77)
Total charges for services	3,083	3,083	1,961	(1,122)
REIMBURSEMENTS				
General government	15	15	7	(8)
Other	2,789	2,789	3,257	468
Reimbursements from other funds	2,555	2,555	2,245	(310)
Total reimbursements	5,359	5,359	5,509	150
OTHER REVENUES				
Settlements	615	615	49	(566)
Miscellaneous	7,126	7,126	2,443	(4,683)
Prior year encumbrance liquidations	1,000	1,000	-	(1,000)
Total other revenues	8,741	8,741	2,492	(6,249)

(Continued)

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF GENERAL FUND REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL

(NON-GAAP BASIS) - GENERAL FUND, Continued

For the Year Ended June 30, 2009

(In Thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
OTHER FINANCING SOURCES				
Transfers in from other funds:				
Hartford Parking Facilities Fund	6,300	6,300	5,309	(991)
Special Police Services	2,600	2,600	1,793	(807)
Capital Improvement Fund	2,000	2,000	625	(1,375)
Premium from Bond Sale	1,500	1,500	308	(1,192)
Total other financing sources	12,400	12,400	8,035	(4,365)
TOTAL	\$ 547,590	\$ 547,590	530,272	\$ (17,318)

Budgetary revenues are different than GAAP revenues because:

State of Connecticut on-behalf contributions to the State Teachers'

Retirement System for City teachers are not budgeted

20,966

Budgetary revenues derived from reimbursements for expenditures allocated
to other funds are excluded for GAAP financial statement reporting purposes

(2,245)

Total Revenues and Other Financing Sources as reported on the Statement
of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds

\$ 548,993

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF GENERAL FUND EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES

(NON-GAAP BUDGETARY BASIS) - BUDGET AND ACTUAL

For the Year Ended June 30, 2009

(In Thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
GENERAL GOVERNMENT				
Mayor	\$ 1,639	\$ 1,639	\$ 1,577	\$ 62
Court of Common Council	663	663	602	61
City Treasurer	496	496	446	50
Registrars of Voters	655	777	769	8
Corporation Counsel	1,856	1,856	1,846	10
Town and City Clerk	889	889	852	37
Internal Audit	440	440	437	3
Office of Information Services	3,823	3,823	3,816	7
Finance	3,557	3,557	3,523	34
Human Resources	1,483	1,483	1,482	1
Human Relations	947	947	787	160
Office of Management and Budget	1,306	1,306	1,271	35
Office of Youth Services	3,564	3,687	3,521	166
Total general government	21,318	21,563	20,929	634
PUBLIC SAFETY				
Fire	30,193	30,193	30,099	94
Police	37,994	37,994	37,262	732
Emergency Services and Telecommunications	3,541	3,541	3,527	14
Total public safety	71,728	71,728	70,888	840
INFRASTRUCTURE AND LEISURE SERVICES				
Public Works	13,416	13,629	13,629	-
DEVELOPMENT AND COMMUNITY AFFAIRS				
Development Services	4,846	4,846	4,350	496
HUMAN SERVICES				
Health and Human Services	7,881	7,881	7,564	317
EDUCATION				
Board of Education	284,554	284,554	284,554	-
BENEFITS AND INSURANCE				
Pension contributions	11,704	11,704	11,117	587
Employee benefits	42,347	42,347	41,119	1,228
Property and casualty insurance	7,081	6,501	5,749	752
Total benefits and insurance	61,132	60,552	57,985	2,567

(Continued)

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF GENERAL FUND EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES

(NON-GAAP BUDGETARY BASIS) - BUDGET AND ACTUAL, Continued

For the Year Ended June 30, 2009

(In Thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
SUNDRY				
Transfers to other funds	10,692	10,802	10,602	200
Civic and cultural affairs	1,756	1,646	1,491	155
Debt service	36,500	36,500	36,213	287
Payments to other governmental agencies	11,278	11,278	11,203	75
Settlements	1,900	1,900	1,848	52
Other sundry items	20,589	20,711	20,698	13
Total sundry	82,715	82,837	82,055	782
Total	\$ 547,590	\$ 547,590	541,954	\$ 5,636

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf payments to the Connecticut State Teacher's

Retirement System for City teachers are not budgeted.

20,966

Reimbursements from other funds are credited against budgetary expenditures

for GAAP financial statement reporting purposes

(2,245)

Encumbrances

June 30, 2009

(95)

Total Expenditures and Other Financing Sources as reported on the Statement of

Revenues, Expenditures and Changes in Fund Balances -

Governmental Funds

\$ 560,580

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
June 30, 2009
(In Thousands)

Schedules of Funding Progress

City of Hartford Municipal Employees' Retirement Fund (City MERF)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
07/01/03	\$ 965,389	\$ 922,258	\$ (43,131)	104.7%	\$ 110,339	(39.1%)
07/01/04	963,044	967,393	4,349	99.6%	107,808	4.0%
07/01/05	986,405	970,286	(16,119)	101.7%	117,261	(13.7%)
07/01/06	1,021,491	1,002,848	(18,643)	101.9%	124,837	(14.9%)
07/01/07	1,092,128	1,090,715	(1,413)	100.1%	133,280	(1.1%)
*07/01/08	1,123,379	1,099,441	(23,938)	102.2%	139,243	17.2%

RAF/PBF/FRF Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
07/01/03	\$ -	\$ 12,259	\$ 12,259	0.0%	N/A	N/A
07/01/04	-	11,706	11,706	0.0%	N/A	N/A
07/01/05	-	11,123	11,123	0.0%	N/A	N/A
07/01/06	-	9,389	9,389	0.0%	N/A	N/A
07/01/07	-	8,276	8,276	0.0%	N/A	N/A
07/01/08	-	7,700	7,700	0.0%	N/A	N/A

City of Hartford 415(m) Fund

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
07/01/03	\$ -	\$ 46	\$ 46	0.0%	N/A	N/A
07/01/04	-	141	141	0.0%	N/A	N/A
07/01/05	-	168	168	0.0%	N/A	N/A
07/01/06	-	167	167	0.0%	N/A	N/A
07/01/07	-	260	260	0.0%	N/A	N/A
07/01/08	-	213	213	0.0%	N/A	N/A

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS, Continued
June 30, 2009
(In Thousands)

<i>OPEB</i>								
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded Accrued Liability (UAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll		
07/01/07	\$ -	\$ 373,386	\$ 373,386	0.0%	N/A	N/A		
07/01/08	-	302,988	302,988	0.0%	N/A	N/A		

Historical Trend Information – The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

- * Subsequent to the most recent actuarial valuation date, certain economic events have had a significant adverse impact on investment portfolios. As such, these market downturns may have a significant effect on the funded ratio and on future contributions.

For the City's MERF Plan, the projected unit cost method was used for July 1, 2002 through July 1, 2006, and the entry age normal cost method was used beginning with the July 1, 2007 valuation.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF ANNUAL REQUIRED CONTRIBUTIONS
June 30, 2009
(In Thousands)

OPEB

Year Ended	Annual Required Contribution	Percentage Contributed
06/30/2008	\$ 31,600	51.2%
06/30/2009	24,500	52.8%

RAF/PBF/FRF Plan

Year Ended	Annual Required Contribution	Percentage Contributed
06/30/04	\$ 2,816	100.0%
06/30/05	2,519	100.0%
06/30/06	1,926	100.0%
06/30/07	1,757	100.0%
06/30/08	1,967	100.0%
06/30/09	1,700	100.0%

City of Hartford Municipal Employees'
Retirement Fund (City MERF)

Year Ended	Annual Required Contribution	Percentage Contributed
06/30/04	\$ 6,536	100.0%
06/30/05	9,207	100.0%
06/30/06	16,196	74.0%
06/30/07	15,463	107.0%
06/30/08	13,253	125.0%
06/30/09	11,797	109.0%

City of Hartford
415(M) Fund

Year Ended	Annual Required Contribution	Percentage Contributed
06/30/04	\$ 34	100.0%
06/30/05	48	100.0%
06/30/06	39	100.0%
06/30/07	53	100.0%
06/30/08	61	100.0%
06/30/09	50	100.0%

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APPENDIX B

FORM OF LEGAL OPINIONS OF BOND COUNSEL

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City of Hartford,
Hartford, Connecticut

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the City of Hartford, Connecticut (the “City”), a Tax Regulatory Agreement of the City dated April 15, 2010 (the “Tax Regulatory Agreement”), and other proofs submitted to us relative to the issuance and sale of \$14,000,000 City of Hartford, Connecticut General Obligation Bonds, Series 2010A, dated date of delivery (the “Bonds”), maturing on October 1 in each of the years, in the principal amounts and bearing interest payable on October 1, 2011 and semiannually thereafter on April 1 and October 1 in each year until maturity or earlier redemption, at the rates per annum as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>	<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>
2011	\$740,000	4.000%	2019	735,000	3.250%
2012	740,000	3.000	2020	735,000	4.000
2013	740,000	3.000	2021	735,000	3.700
2014	740,000	3.750	2022	735,000	3.800
2015	690,000	2.000	2023	735,000	3.875
2015	50,000	3.000	2024	735,000	3.900
2016	740,000	2.500	2025	735,000	4.000
2017	740,000	3.000	2026	735,000	4.100
2018	735,000	4.000	2029	2,205,000	4.300

with principal payable at the principal office of U.S. Bank National Association, in Hartford, Connecticut, and with interest payable to the registered owner as of the close of business on the fifteenth day of March and September in each year, or the preceding business day if such fifteenth day is not a business day, by check mailed to such registered owner at his address as shown on the registration books of the City kept for such purpose. The Bonds are subject to redemption prior to maturity as therein provided.

The Bonds are originally registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), to effect a book-entry system for the ownership and transfer of the Bonds. So long as DTC or its nominee is the registered owner, principal and interest payments on the Bonds will be made to DTC.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds, and we express no opinion relating thereto, excepting only the matters set forth as our opinion in the Official Statement.

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the Bonds under authority of the Constitution and General Statutes of Connecticut and that the Bonds are a valid general obligation of the City the principal of and interest on which is payable from ad valorem taxes which may be levied on all taxable property subject to taxation by the City without limitation as to rate or amount except as to classified property, such as certified forest lands taxable at a limited rate

and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. We are further of the opinion that the Tax Regulatory Agreement is a valid and binding agreement of the City.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income for federal income tax purposes. The City has covenanted in the Tax Regulatory Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Bonds shall be excluded from gross income for federal income tax purposes under the Code.

In our opinion, under existing statutes and court decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax and is not taken into account in the calculation of adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on corporations. We express no opinion regarding any other federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the Bonds.

In rendering the foregoing opinions regarding the federal tax treatment of interest on the Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and expectations, and certifications of fact contained in the Tax Regulatory Agreement, and (ii) the compliance by the City with the covenants and procedures set forth in the Tax Regulatory Agreement as to such tax matters.

We are further of the opinion that, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding any other State or local tax consequences caused by the ownership or disposition of the Bonds.

The rights of owners of the Bonds and the enforceability of the Bonds and the Tax Regulatory Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by application of equitable principles, whether considered at law or in equity.

Very truly yours,

ROBINSON & COLE LLP

City of Hartford,
Hartford, Connecticut

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the City of Hartford, Connecticut (the “City”), a Tax Regulatory Agreement of the City dated April 15, 2010 (the “Tax Regulatory Agreement”), and other proofs submitted to us relative to the issuance and sale of \$40,000,000 City of Hartford, Connecticut General Obligation Bond Anticipation Notes, Series 2010, dated the date of delivery and maturing on April 14, 2011, consisting of Note R-1 in the aggregate principal amount of \$40,000,000, bearing interest at the rate of 2.500% per annum, with principal and interest payable at maturity (the “Notes”). The Notes are not subject to redemption prior to maturity.

The Notes are originally registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), to effect a book-entry system for the ownership and transfer of the Notes. So long as DTC or its nominee is the registered owner, principal and interest payments on the Notes will be made to DTC.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Notes, and we express no opinion relating thereto, excepting only the matters set forth as our opinion in the Official Statement.

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the Notes under authority of the Constitution and General Statutes of Connecticut and that the Notes are a valid general obligation of the City the principal of and interest on which is payable from ad valorem taxes which may be levied on all taxable property subject to taxation by the City without limitation as to rate or amount except as to classified property, such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. We are further of the opinion that the Tax Regulatory Agreement is a valid and binding agreement of the City.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income for federal income tax purposes. The City has covenanted in the Tax Regulatory Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Notes shall be excluded from gross income for federal income tax purposes under the Code.

In our opinion, under existing statutes and court decisions, interest on the Notes is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax and is not taken into account in the calculation of adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on corporations. We express no opinion regarding any other federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the Notes.

In rendering the foregoing opinions regarding the federal tax treatment of interest on the Notes, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention

and expectations, and certifications of fact contained in the Tax Regulatory Agreement, and (ii) the compliance by the City with the covenants and procedures set forth in the Tax Regulatory Agreement as to such tax matters.

We are further of the opinion that, under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding any other State or local tax consequences caused by the ownership or disposition of the Notes.

The rights of owners of the Notes and the enforceability of the Notes and the Tax Regulatory Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by application of equitable principles, whether considered at law or in equity.

Very truly yours,

ROBINSON & COLE LLP

APPENDIX C

DISCLOSURE DISSEMINATION AGENT AGREEMENT

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DISCLOSURE DISSEMINATION AGENT AGREEMENT

(Post Rule Amendment)

This Disclosure Dissemination Agent Agreement (the “Disclosure Agreement”), dated as of April 15, 2010, is executed and delivered by The City of Hartford, Connecticut (the “Issuer”) and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the “Disclosure Dissemination Agent” or “DAC”) for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) and in order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the “Rule”).

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

“Annual Report” means an Annual Report described in and consistent with Section 3 of this Disclosure Agreement.

“Annual Filing Date” means the date, set in Sections 2(a) and 2(f), by which the Annual Report is to be filed with the MSRB.

“Annual Financial Information” means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

“Audited Financial Statements” means the financial statements (if any) of the Issuer for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

“Bonds” means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

“Certification” means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Voluntary Report or Notice Event notice delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Voluntary Report or Notice Event notice required to be submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Issuer and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

“Disclosure Representative” means the Director of Finance, the senior member of the Issuer or his or her designee, or such other person as the Issuer shall designate in writing

to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

“Disclosure Dissemination Agent” means Digital Assurance Certification, L.L.C, acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Issuer pursuant to Section 9 hereof.

“Holder” means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) treated as the owner of any Bonds for federal income tax purposes.

“Information” means the Annual Financial Information, the Audited Financial Statements (if any) the Notice Event notices, and the Voluntary Reports.

“Notice Event” means an event listed in Sections 4(a) of this Disclosure Agreement.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Official Statement” means that Official Statement prepared by the Issuer in connection with the Bonds, as listed on Appendix A.

“Trustee” means the institution identified as such in the document under which the Bonds were issued.

“Voluntary Report” means the information provided to the Disclosure Dissemination Agent by the Issuer pursuant to Section 7.

SECTION 2. Provision of Annual Reports.

(a) The Issuer shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, together with a copy for the Trustee, not later than the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB not later than eight months after the end of each fiscal year of the Issuer, commencing with the fiscal year ending June 30, 2010. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification) no later than two (2) business days prior to the Annual Filing Date, or (ii)

instruct the Disclosure Dissemination Agent in writing that the Issuer will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent that a Notice Event as described in Section 4(a)(12) has occurred and to immediately send a notice to the MSRB in substantially the form attached as Exhibit B.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 12:00 noon on the first business day following the Annual Filing Date for the Annual Report, a Notice Event described in Section 4(a)(12) shall have occurred and the Issuer irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit B.

(d) If Audited Financial Statements of the Issuer are prepared but not available prior to the Annual Filing Date, the Issuer shall, when the Audited Financial Statements are available, provide in a timely manner an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certificate, together with a copy for the Trustee, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

- (i) determine the address of the MSRB each year prior to the Annual Filing Date;
- (ii) upon receipt, promptly file each Annual Report received under Section 2(a) with the MSRB;
- (iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) with the MSRB;
- (iv) upon receipt, promptly file the text of each disclosure to be made with the MSRB together with a completed copy of the Event Notice Cover Sheet in the form attached as Exhibit C, describing the event by checking the box indicated below when filing pursuant to the Section of this Disclosure Agreement indicated:
 - 1. “Principal and interest payment delinquencies,” pursuant to Sections 4(c) and 4(a)(1);
 - 2. “Non-Payment related defaults,” pursuant to Sections 4(c) and 4(a)(2);
 - 3. “Unscheduled draws on debt service reserves reflecting financial difficulties,” pursuant to Sections 4(c) and 4(a)(3);
 - 4. “Unscheduled draws on credit enhancements reflecting financial difficulties,” pursuant to Sections 4(c) and 4(a)(4);
 - 5. “Substitution of credit or liquidity providers, or their failure to perform,” pursuant to Sections 4(c) and 4(a)(5);

6. “Adverse tax opinions or events affecting the tax-exempt status of the security,” pursuant to Sections 4(c) and 4(a)(6);
7. “Modifications to rights of securities holders,” pursuant to Sections 4(c) and 4(a)(7);
8. “Bond calls,” pursuant to Sections 4(c) and 4(a)(8);
9. “Defeasances,” pursuant to Sections 4(c) and 4(a)(9);
10. “Release, substitution, or sale of property securing repayment of the securities,” pursuant to Sections 4(c) and 4(a)(10);
11. “Ratings changes,” pursuant to Sections 4(c) and 4(a)(11);
12. “Failure to provide annual financial information as required,” pursuant to Section 2(b)(ii) or Section 2(c), together with a completed copy of Exhibit B to this Disclosure Agreement;
13. “Other material event notice (specify),” pursuant to Section 7 of this Agreement, together with the summary description provided by the Disclosure Representative.

- (v) provide the Issuer evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Issuer may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, Trustee (if any) and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain Annual Financial Information with respect to the Issuer, including the information provided in the Official Statement under the headings: “Debt Sections,” “Financial Section” and “Litigation”.

(b) Audited Financial Statements prepared in accordance with GAAP as described in the Official Statement will be included in the Annual Report. If audited financial statements are not available, then, unaudited financial statements, prepared in accordance with generally accepted accounting principles (“GAAP”) as described in the Official Statement will be included in the Annual Report. Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Issuer is an “obligated person” (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or available on the MSRB Internet Website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer will clearly identify each such document so incorporated by reference.

Any annual financial information containing modified operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events, if material, with respect to the Bonds constitutes a Notice Event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements relating to the Bonds reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
7. Modifications to rights of Bond holders;
8. Bond calls;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds;
11. Rating changes on the Bonds;
12. Failure to provide annual financial information as required; and
13. Other material event notice (specify) _____.

The Issuer shall promptly notify the Disclosure Dissemination Agent in writing upon the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c). Such notice shall be accompanied with the text of the disclosure that the Issuer desires to make, the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information.

(b) The Disclosure Dissemination Agent is under no obligation to notify the Issuer or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within five business days of receipt of such notice, instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c), together with the text of the disclosure that the Issuer desires to make,

the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information.

(c) If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with MSRB in accordance with Section 2 e (iv) hereof.

SECTION 5. CUSIP Numbers. Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements, notices of Notice Events, and Voluntary Reports filed pursuant to Section 7(a), the Issuer shall indicate the full name of the Bonds and the 9-digit CUSIP numbers for the Bonds as to which the provided information relates.

SECTION 6. Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that the failure of the Disclosure Dissemination Agent to so advise the Issuer shall not constitute a breach by the Disclosure Dissemination Agent of any of its duties and responsibilities under this Disclosure Agreement. The Issuer acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Reports.

(a) The Issuer may instruct the Disclosure Dissemination Agent to file information with the MSRB, from time to time pursuant to a Certification of the Disclosure Representative accompanying such information (a “Voluntary Report”).

(b) Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Annual Financial Statement, Voluntary Report or Notice Event notice, in addition to that required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report, Annual Financial Statement, Voluntary Report or Notice Event notice in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Annual Financial Statement, Voluntary Report or Notice Event notice.

SECTION 8. Termination of Reporting Obligation. The obligations of the Issuer and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent. The Issuer has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Issuer may, upon thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Issuer or DAC, the Issuer agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Issuer shall remain liable until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the Issuer.

SECTION 10. Remedies in Event of Default. In the event of a failure of the Issuer or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Issuer has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Issuer's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Issuer has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon certifications of the Issuer at all times.

The obligations of the Issuer under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Issuer.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Issuer and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the Issuer or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days written notice of the intent to do so together with a copy of the proposed amendment to the Issuer. No such amendment shall become effective if the Issuer shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee of the Bonds, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Florida (other than with respect to conflicts of laws).

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Remainder of page intentionally left blank.]

The Disclosure Dissemination Agent and the Issuer have caused this Continuing Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,
as Disclosure Dissemination Agent

By: _____
Name: Paula Stuart
Title: CEO

CITY OF HARTFORD, CONNECTICUT
as Issuer

By: _____
Name: Christopher Wolf
Title: Director of Finance

EXHIBIT A

NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer: Hartford, CT
Obligated Person: Hartford, CT
Name of Bond Issue: City of Hartford, Connecticut General Obligation Bonds,
Series 2010A, \$14,000,000
Dated: April 15, 2010

CUSIP Numbers:	4164146K1	4164146L9	4164146M7	4164146N5
	4164146P0	4164147C8	4164146Q8	4164146R6
	4164146S4	4164146T2	4164146U9	4164146V7
	4164146W5	4164146X3	4164146Y1	4164146Z8
	4164147A2	4164147B0		

Name of Issuer: Hartford, CT
Obligated Person: Hartford, CT
Name of Bond Issue: City of Hartford, Connecticut General Obligation Refunding Bonds,
Series 2009, \$12,150,000
Dated: September 30, 2009

CUSIP Numbers:	4164145Y2	4164145Z9	4164146A3	4164146B1
	4164146C9	4164146D7	4164146E5	4164146F2
	4164146G0			

Name of Issuer: Hartford, CT
Obligated Person: Hartford, CT
Name of Bond Issue: City of Hartford, Connecticut General Obligation Bonds, Series
2009A, \$40,225,000
Dated: March 10, 2009

CUSIP Numbers:	4164144Q0	4164145L0	4164144R8	4164145M8
	4164144S6	4164145N6	4164144T4	4164145P1
	4164144U1	4164145Q9	4164144V9	4164145R7
	4164144W7	4164145S5	4164144X5	4164145T3
	4164144Y3	4164145U0	4164144Z0	4164145V8
	4164145A4	4164145W6	4164145B2	4164145C0
	4164145J5			

Name of Issuer: Hartford, CT
Obligated Person: Hartford, CT

Name of Bond Issue: City of Hartford, Connecticut General Obligation Bonds, Series 2007A, \$70,000,000

Dated: June 28, 2007

CUSIP Numbers:	4164143V0	4164143W8	4164143X6	4164143Y4
	4164143Z1	4164144A5	4164144B3	4164144C1
	4164144D9	4164144E7	4164144F4	4164144G2
	4164144H0	4164144J6	4164144K3	4164144L1
	4164144M9	4164144N7	4164144P2	

Name of Issuer: Hartford, CT

Obligated Person: Hartford, CT

Name of Bond Issue: City of Hartford, Connecticut General Obligation Bonds, Series 2006, \$70,000,000

Dated: June 22, 2006

CUSIP Numbers:	4164142U3	4164142V1	4164142W9	4164142X7
	4164142Y5	4164142Z2	4164143A6	4164143B4
	4164143C2	4164143D0	4164143E8	4164143F5
	4164143G3	4164143H1	4164143J7	4164143K4
	4164143L2	4164143M0	4164143N8	4164143P3
	4164143Q1	4164143R9	4164143S7	4164143T5
	4164143U2			

Name of Issuer: Hartford, CT

Obligated Person: Hartford, CT

Name of Bond Issue: City of Hartford, Connecticut General Obligation Bonds, Series 2005, \$61,810,000 Book-Entry-Only consisting of General Obligation Refunding Bonds, Series 2005C, \$29,510,000 and General Obligation Bonds, Series 2005D, \$32,300,000

Dated: June 1, 2005

CUSIP Numbers:	416414Y53	416414Y61	416414Y79	416414Y87
	416414Y95	416414Z29	416414Z37	416414Z45
	416414Z52	416414Z60	416414Z78	416414Z86
	416414Z94	4164142A7	4164142B5	4164142C3
	4164142D1	4164142E9	4164142F6	4164142G4
	4164142H2	4164142J8	4164142K5	4164142L3
	4164142M1	4164142N9	4164142P4	4164142Q2
	4164142R0	4164142S8	4164142T6	

Name of Issuer: Hartford, CT

Obligated Person: Hartford, CT
Name of Bond Issue: City of Hartford, Connecticut General Obligation Refunding Bonds, Series 2005, \$34,340,000 consisting of General Obligation Refunding Bonds, Series 2005A, \$25,160,000 and General Obligation Refunding Bonds, Series 2005B, (Taxable), \$9,180,000
Dated: April 1, 2005

CUSIP Numbers: 416414V98 416414W22 416414W30 416414W48
416414W55 416414W63 416414W71 416414W89
416414W97 416414X21 416414X39 416414X47
416414X54 416414X88 416414Y20 416414Y38
416414Y46

Name of Issuer: Hartford, CT
Obligated Person: Hartford, CT
Name of Bond Issue: City of Hartford, Connecticut General Obligation Bonds, Issue of 2004, \$34,000,000
Dated: July 15, 2004

CUSIP Numbers: 416414T75 416414T83 416414T91 416414U24
416414U32 416414U40 416414U57 416414U65
416414U73 416414U81 416414U99 416414V23
416414V31 416414V49 416414V56

Name of Issuer: Hartford, CT
Obligated Person: Hartford, CT
Name of Bond Issue: City of Hartford, Connecticut General Obligation Bonds, Series 2003, \$30,225,000
Dated: March 15, 2003

CUSIP Numbers: 416414Q86 416414Q94 416414R28 416414R36
416414R44 416414R51 416414R69 416414S27
416414S35 416414S43 416414S50 416414S68
416414S76 416414S84

Name of Issuer: Hartford, CT
Obligated Person: Hartford, CT
Name of Bond Issue: City of Hartford, Connecticut General Obligation Bonds, Series 2001, \$23,000,000
Dated: May 15, 2001

CUSIP Numbers:	416414N55	416414N63	416414N71	416414N89
	416414N97	416414P20	416414P38	416414P46
	416414P53	416414P61	416414P79	416414P87
	416414P95			

Name of Issuer: Hartford, CT
 Obligated Person: Hartford, CT
 Name of Bond Issue: City of Hartford, Connecticut General Obligation Bonds, Series 2000,
 \$20,000,000
 Dated: June 15, 2000

CUSIP Numbers:	416414L24	416414L32	416414L40	416414L57
	416414L65	416414L73	416414L81	416414L99
	416414M23	416414M31	416414M49	416414M56

Name of Issuer: Hartford, CT
 Obligated Person: Hartford, CT
 Name of Bond Issue: City of Hartford, Connecticut General Obligation Bonds, Series 1998,
 \$28,500,000
 Dated: November 15, 1998

CUSIP Numbers:	416414H86	416414H94	416414J27	416414J35
	416414J43	416414J50	416414J68	416414J76
	416414J84	416414J92		

Name of Issuer: Hartford, CT
 Obligated Person: Hartford, CT
 Name of Bond Issue: City of Hartford, Connecticut General Obligation Bonds, Series 1998,
 \$29,300,000
 Dated: January 15, 1998

CUSIP Numbers:	416414F47	416414F54	416414F62	416414F70
	416414F88	416414F96	416414G20	416414G38
	416414G46			

Name of Issuer: Hartford, CT
 Obligated Person: Hartford, CT
 Name of Bond Issue: City of Hartford, Connecticut General Obligation Bonds, Series 1996,
 \$25,000,000
 Dated: December 15, 1996

CUSIP Numbers:	416414C73	416414C81	416414C99	416414D23
	416414D31	416414D49	416414D56	416414D64

EXHIBIT B

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Issuer: City of Hartford, Connecticut

Obligor: City of Hartford, Connecticut

Name of Bond Issue: _____

Date of Issuance: _____

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Disclosure Agreement, dated as of September 30, 2009, between the Issuer and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. The Issuer has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by _____.

Dated: _____

Digital Assurance Certification, L.L.C., as
Disclosure Dissemination Agent, on behalf of the
Issuer

cc: Issuer
Obligated Person

EXHIBIT C
EVENT NOTICE COVER SHEET

This cover sheet and material event notice will be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name:

Issuer's Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this material event notice relates:

Number of pages of attached: _____

____ Description of Material Event Notice (Check One):

1. ____ Principal and interest payment delinquencies
2. ____ Non-Payment related defaults
3. ____ Unscheduled draws on debt service reserves reflecting financial difficulties
4. ____ Unscheduled draws on credit enhancements reflecting financial difficulties
5. ____ Substitution of credit or liquidity providers, or their failure to perform
6. ____ Adverse tax opinions or events affecting the tax-exempt status of the security
7. ____ Modifications to rights of securities holders
8. ____ Bond calls
9. ____ Defeasances
10. ____ Release, substitution, or sale of property securing repayment of the securities
11. ____ Rating changes
12. ____ Other material event notice (specify) _____

____ Failure to provide annual financial information as required

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Employer: Digital Assurance Certification, L.L.C.

Address: _____

City, State, Zip Code: _____

Voice Telephone Number: _____

DISCLOSURE DISSEMINATION AGENT AGREEMENT

(Post Rule Amendment)

This Disclosure Dissemination Agent Agreement (the “Disclosure Agreement”), dated as of April 15, 2010, is executed and delivered by The City of Hartford, Connecticut (the “Issuer”) and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the “Disclosure Dissemination Agent” or “DAC”) for the benefit of the Holders (hereinafter defined) of the Notes (hereinafter defined) and in order to provide certain continuing disclosure with respect to the Notes in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the “Rule”).

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

“Certification” means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Voluntary Report or Notice Event notice delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Voluntary Report or Notice Event notice required to be submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Issuer and include the full name of the Notes and the 9-digit CUSIP numbers for all Notes to which the document applies.

“Disclosure Representative” means the Director of Finance, the senior member of the Issuer or his or her designee, or such other person as the Issuer shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

“Disclosure Dissemination Agent” means Digital Assurance Certification, L.L.C, acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Issuer pursuant to Section 7 hereof.

“Holder” means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Notes (including persons holding Notes through nominees, depositories or other intermediaries) or (b) treated as the owner of any Notes for federal income tax purposes.

“Information” means the Notice Event notices, and the Voluntary Reports.

“Notes” means the Notes as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

“Notice Event” means an event listed in Sections 2(a) of this Disclosure Agreement.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Official Statement” means that Official Statement prepared by the Issuer in connection with the Notes, as listed on Appendix A.

“Trustee” means the institution identified as such in the document under which the Notes were issued.

“Voluntary Report” means the information provided to the Disclosure Dissemination Agent by the Issuer pursuant to Section 5.

SECTION 2. Reporting of Notice Events.

(a) The occurrence of any of the following events, if material, with respect to the Notes constitutes a Notice Event:

14. Principal and interest payment delinquencies;
15. Non-payment related defaults;
16. Unscheduled draws on debt service reserves reflecting financial difficulties;
17. Unscheduled draws on credit enhancements relating to the Notes reflecting financial difficulties;
18. Substitution of credit or liquidity providers, or their failure to perform;
19. Adverse tax opinions or events affecting the tax-exempt status of the Notes;
20. Modifications to rights of Note holders;
21. Bond calls;
22. Defeasances;
23. Release, substitution, or sale of property securing repayment of the Notes;
24. Rating changes on the Notes;
25. Failure to provide annual financial information as required; and
26. Other material event notice (specify) _____.

The Issuer shall promptly notify the Disclosure Dissemination Agent in writing upon the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c). Such notice shall be accompanied with the text

of the disclosure that the Issuer desires to make, the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information.

(b) The Disclosure Dissemination Agent is under no obligation to notify the Issuer or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within five business days of receipt of such notice, instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c), together with the text of the disclosure that the Issuer desires to make, the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information.

(c) If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in subsection (a) or (b)(ii) of this Section 2 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with MSRB.

SECTION 3. CUSIP Numbers. Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements, notices of Notice Events, and Voluntary Reports filed pursuant to Section 5(a), the Issuer shall indicate the full name of the Notes and the 9-digit CUSIP numbers for the Notes as to which the provided information relates.

SECTION 4. Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that the failure of the Disclosure Dissemination Agent to so advise the Issuer shall not constitute a breach by the Disclosure Dissemination Agent of any of its duties and responsibilities under this Disclosure Agreement. The Issuer acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 5. Voluntary Reports.

(a) The Issuer may instruct the Disclosure Dissemination Agent to file information with the MSRB, from time to time pursuant to a Certification of the Disclosure Representative accompanying such information (a “Voluntary Report”).

(b) Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Annual Financial Statement, Voluntary Report or Notice Event notice, in addition to that required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report, Annual Financial Statement, Voluntary Report or Notice Event notice in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such

information or include it in any future Annual Report, Annual Financial Statement, Voluntary Report or Notice Event notice.

SECTION 6. Termination of Reporting Obligation. The obligations of the Issuer and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Notes upon the legal defeasance, prior redemption or payment in full of all of the Notes, when the Issuer is no longer an obligated person with respect to the Notes, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required.

SECTION 7. Disclosure Dissemination Agent. The Issuer has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Issuer may, upon thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Issuer or DAC, the Issuer agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Notes. Notwithstanding any replacement or appointment of a successor, the Issuer shall remain liable until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the Issuer.

SECTION 8. Remedies in Event of Default. In the event of a failure of the Issuer or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Notes or under any other document relating to the Notes, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 9. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Issuer has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Notes or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Issuer's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Issuer has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon certifications of the Issuer at all times.

The obligations of the Issuer under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Notes.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Issuer.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 10. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Issuer and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Notes and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the Issuer or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days written notice of the intent to do so together with a copy of the proposed amendment to the Issuer. No such amendment shall become effective if the Issuer shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 11. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee of the Notes, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Notes, and shall create no rights in any other person or entity.

SECTION 12. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Florida (other than with respect to conflicts of laws).

SECTION 13. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

The Disclosure Dissemination Agent and the Issuer have caused this Continuing Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,
as Disclosure Dissemination Agent

By: _____
Name: Paula Stuart
Title: CEO

THE CITY OF HARTFORD, CONNECTICUT
as Issuer

By: _____
Name: Christopher Wolf
Title: Director of Finance

EXHIBIT A

NAME AND CUSIP NUMBERS OF NOTES

Name of Issuer: Hartford, CT
Obligated Person: Hartford, CT
Name of Bond Issue: City of Hartford, Connecticut General Obligation Bond Anticipation
Notes, Series 2010, \$40,000,000
Dated: April 15, 2010
CUSIP Numbers: 4164147D6

Name of Issuer: Hartford, CT
Obligated Person: Hartford, CT
Name of Bond Issue: City of Hartford, Connecticut General Obligation Bond Anticipation
Notes, Series 2009B, \$5,000,000
Dated: September 30, 2009
CUSIP Numbers: 4164146H8

Name of Issuer: Hartford, CT
Obligated Person: Hartford, CT
Name of Bond Issue: City of Hartford, Connecticut General Obligation Grant Anticipation
Notes, Series 2009, \$35,000,000
Dated: September 30, 2009
CUSIP Numbers: 4164146J4

Name of Issuer: Hartford, CT
Obligated Person: Hartford, CT
Name of Bond Issue: City of Hartford, Connecticut General Obligation Bond Anticipation
Notes, Series 2009A, \$10,000,000
Dated: April 16, 2009
CUSIP Numbers: 4164145X4

EXHIBIT B
EVENT NOTICE COVER SHEET

This cover sheet and material event notice will be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name:

Issuer's Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the Notes to which this material event notice relates:

Number of pages of attached: _____

____ Description of Material Event Notice (Check One):

- 13. ____ Principal and interest payment delinquencies
- 14. ____ Non-Payment related defaults
- 15. ____ Unscheduled draws on debt service reserves reflecting financial difficulties
- 16. ____ Unscheduled draws on credit enhancements reflecting financial difficulties
- 17. ____ Substitution of credit or liquidity providers, or their failure to perform
- 18. ____ Adverse tax opinions or events affecting the tax-exempt status of the security
- 19. ____ Modifications to rights of securities holders
- 20. ____ Bond calls
- 21. ____ Defeasances
- 22. ____ Release, substitution, or sale of property securing repayment of the securities
- 23. ____ Rating changes
- 24. ____ Other material event notice (specify) _____

____ Failure to provide annual financial information as required

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Employer: Digital Assurance Certification, L.L.C.

Address: _____

City, State, Zip Code: _____

Voice Telephone Number: _____

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APPENDIX D

APPENDIX D SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No.: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. (FORMERLY KNOWN AS FINANCIAL SECURITY ASSURANCE INC.) ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. (FORMERLY KNOWN AS FINANCIAL SECURITY ASSURANCE INC.) has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.
(FORMERLY KNOWN AS FINANCIAL
SECURITY ASSURANCE INC.)

By _____
Authorized Officer

(212) 826-0100